

INTERNATIONALIST PERSPECTIVE



HOW CAPITALISM'S PROGRESS BECAME SOCIETY'S RETROGRESSION

Through Which Window Are We Looking At Our World?

Consciousness in the Era of Capitalism's Real Domination

International Situation: The Us Is Both Stronger And Weaker Than It Looks

Organization: Our Practice Must Reflect Our Goal

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Through Which Window Are We Looking At Our World ?

You may not have noticed, especially if you're one of the millions of workers who have lost their jobs recently, but the world economy is officially enjoying a recovery now. Yet it becomes increasingly clear, even to many bourgeois economists, that we're standing at the threshold of an economic convulsion of major proportions.

This is not a crisis caused by a lack of productivity or technological development, or by neo-liberalism or any other specific policy, it is a systemic crisis of capitalism. The three factors that characterized every capitalist breakdown in the past, are now abundantly present: falling profits, increasing overcapacity and rising claims of an exponentially growing financial capital on an economy that cannot meet them.

Despite the increase in the rate of exploitation, the stagnation or fall of wages and the rapidly rising use by developed capitalism of extremely cheap labor in China and elsewhere, profits, as a percentage of GDP, have collapsed to their lowest levels of the post-world war period. For Marxists, this crisis of profit is nothing mysterious: the source of profit, surplus value is drying up. Surplus value is but a part of human labor and the stupendous productivity of modern technology makes human labor increasingly expendable. A study of Alliance Capital Management found that the 20 largest economies lost 22 million factory jobs from 1995 to 2002. No country escapes the trend. The US lost 11 percent of its manufacturing jobs, Japan 16 percent, Brazil 20 percent and China, despite the fact that it is on its way to becoming the biggest manufacturing center of the world, saw a 15 percent drop.

Despite the huge, unnecessary suffering of billions of people whose primary needs are not met, world capitalism is facing a growing lack of demand. The more its productivity grows, the more productive forces are rendered idle. Close to two billion able-bodied people want to work and cannot. This is a recovery in which a quarter of the global industrial machine remains turned off. Yet capitalism, unable to do otherwise, is investing at a feverish pace in expanding its productive capacity. In China, the fastest growing large economy and by far the largest recipient of direct foreign investment, nearly half of the growth is due to the expansion of its industrial capacity, geared towards an already saturated world market. Why? Because the combination of high tech and cheap labor lowers the value of its commodities beneath their international market value. Its cheaper products conquer a larger slice of the market, flooding it at the same time.

Despite the already crushing weight of debt that is taking an ever-larger share out of household budgets, state budgets and profits, the growth of debt is accelerating fast. The mountain of fictitious capital created to keep capitalism growing is now crushing it. This is not a 'third world' phenomenon. The aggregate debt of the largest economy, the US, (of corporations, households and government combined) stands now at more than 32 trillion dollars, about three times the size of its GDP, far more than at the time of the great depression. Yet it keeps on climbing.

This is not the first time world capitalism has faced this predicament. What is new is that the deepening of the crisis occurs in a much longer, stretched-out way than before and that it is more global than ever before. Both are related.

Globalization has slowed the fall of the rate of profit by giving capital greater access to cheap labor. And overproduction, which forces capitalists to sell its commodities under their value and thereby opens the door to deflation and depression, has been kept at bay by a reckless expansion of the global money supply.

The basic mechanism by which a crash is postponed is well known. Literally every single minute, the US economy buys a million dollars of commodities more than it sells, providing an enormous market for the rest of the world. That adds up to a trade deficit of half a trillion a year, for which the US pays by printing money. This trade-deficit, not coincidentally, is now about the same size as the budget-deficit, the amount of money Washington borrows to prop up domestic demand.

In return for the commodities that make up their trade-surpluses with the US, which for a country like China amounts to 9 percent of its GDP, other countries receive dollars. What do they do with them? Convert most of their earnings into their local currencies to spend them at home? That would be the normal thing to do but they have several reasons not to.

First, this would bring so many yuans, yen, etc, into circulation that inflation would 'overheat' their economies. Money would seek to protect its value in assets, whose paper value would shoot through the roof, spurred on by speculation. Remember Japan at the end of the '80's, when it had the largest trade surplus with the US: a piece of real estate in Tokyo was worth more than half of California. All that came crashing down of course.

Since the domestic markets of the countries with trade-surpluses are already saturated, the money they earn with these surpluses must be sterilized. But there is

another compelling reason for not spending these earnings at home. The US needs its dollars back. It needs them to finance the debt it makes in order to continue to consume more than it takes in. It needs them to buy its tangible assets, to increase the demand for, and therefore the "value" of, its houses, land, companies, etc, because it is on the basis of this expanding "wealth" that its ability to expand credit to itself, and thereby provide a market for the rest of the world, rests. More than 40 percent of the world's savings is now flowing to the US. If that flow were to stop, reverse or even substantially slow down, the dollar would not just decline, but fall precipitously, with consequences that would be even more catastrophic for its creditors than for the US itself: it would make their commodities much more expensive in dollars and therefore cut them off from the US market, it would devalue their own currency reserves which are mainly in dollars and it would push up interest rates globally, triggering a global contraction, deflation and, quite likely, depression.



So the creditors have no choice. Since the US economy is "too big to fail", they must continue to prop up the dollar, despite growing doubts about whether the dollars the US keeps printing are actually real money. But the question becomes ever more nagging: what is the wealth that the dollar represents? Is it real wealth or merely an illusion? Investors cannot ignore the fact that the country that is backing the dollar is one whose industrial capacity is increasingly hollowed out, a process that is continuing during this 'recovery': as we write, manufacturing has

declined in the US for almost 4 years in a row. 55 percent of the manufactured goods it consumes are now imported. And even less can they ignore the fact that the net-debt of the US to the rest of the world is growing at an unsustainable pace. Now standing at over 3 trillion dollars or 30 percent of the US's GDP, it will grow, if the current trend persists, to 35 percent by the end of this year, 40 percent by the end of 2005 and so on. Even the IMF, no foe of American capitalism, warned in a report in January that this can't go on. It predicted that the US budget deficits would climb to nearly 500 percent of the current GDP in the coming decades. So clearly, even if the governments of Japan and China continue to buy US debt-notes, the financial markets will not. Its demand would fall rather quickly to the point at which the US can only finance its debt by offering high interest rates. Then it's goodbye recovery, hello recession. Or would depression be the more appropriate word? The US real estate bubble, dependent on very low interest rates, would collapse, the China bubble, dependent on the continuing expansion of its exports to the US, would collapse, stock markets would crash, a great unraveling would risk becoming unstoppable.

In order to avoid this, the US will have to do something to slow the expansion of its debt, which would induce a recession too, but one it could still hope to contain. No other country is in a position to take over the role of locomotive for the world economy. Japan's budget deficit is even higher than that of the US and those of France and Germany are climbing rapidly. So world capitalism seems headed towards a great contraction. That is the background against which the current wars and attacks against the working class must be seen.

The wars in Afghanistan and Iraq were not just about oil or terrorism, although these elements were certainly part of the mix. But they were waged in the first place in defense of a belief: not Christianity, but the belief in the wealth and power of American capitalism. It is, after all, this belief that makes America the 'safe haven' for the savings of the world to seek refuge in, it is this belief that props up the value of American stocks, bonds, houses etc, it is this belief that underpins America's credit worthiness. These wars were waged to demonstrate the power of the US. To eliminate and discourage challenges to it, to demonstrate and strengthen America's grip over oil and gas and money flows, to knock down all obstacles to American capital's hunt for more surplus value, to demonstrate and sharpen the political weakness and division of Europe, and thereby undermine the competing belief in the euro as an alternative international reserve currency. They were -are- a 'shock and awe' operation to maintain the belief in something that is increasingly fictional.

America's profits more and more are coming from intangible sources. While it shrinks as an industrial powerhouse, it tightens its control over international banking, over strategic resources. This control -and the rewards it yields- ultimately rests on its political and

military strength. While its share in tangible production declines, its income from copyrights, patents and licences, has grown fast. The yield of these is not determined and enforced by market forces. It is enforced by the rule of a global political order of which the US's military might is the ultimate guarantor. These trends reinforce the importance of the military for US capital. The sicker the world economy becomes, the more the global political order will be challenged and the more crucial it will be, from the point of view of American capital, to inspire 'shock and awe'. This, rather than the desire to create jobs or to boost the profits of Halliburton, is the main reason why the US's military budget keeps rising, despite the alarming size of the deficit. The hegemonic policy of the US is not a choice, it's not something Republicans do and the Democrats would change. It's its mode of survival. Note that none of the leading Democratic contenders, not even the 'anti-war candidate' Howard Dean, is advocating cutting the gargantuan military budget.

So while the US and other countries must reduce their deficit spending, the military budget is off limits and the share going to interest payments on the debt grows ineluctably. That means that the bulk of the cuts must come out of the social wage: social security, health care, pensions. It is on these aspects of the living conditions of the working class that the capitalist class is focusing its attacks. A wave of 'pension reforms', from France to Brazil, is reducing benefits and increasing the retirement age. Health care services are cut back in scores of countries. 'Reforms' of social security systems are being prepared.

In contrast to attacks on wages or employment, which usually affect only a fraction of the working class, this offensive is directed at the working class as a whole and therefore can foster the unification of its struggle. The fight against pension reform last year in France was promising in this regard. It was characterized by many spontaneous initiatives on the part of the workers to spread and unify their resistance and a growing awareness that it is the capitalist system, not this or that party or leader, that is at the root of the problem. In the US, more than 70 000 supermarket workers in California have been on strike since October against cuts in health care benefits. The unions have embraced this struggle but its embrace is suffocating it: an occasional sit-in in front of supermarkets is the most 'radical' action they've organized. Strike benefits are paid (now already cut in half) but nothing has been done to spread the strike, even though the union itself is recognizing that workers across the country are facing the same kind of attacks.

As these attacks are becoming more frequent and occurring in several countries at the same time, the conditions to spread the class struggle across sectoral and national borders may become more favorable. But that will not be the automatic result. In Argentina last year, the struggle of the working class became very broad, going beyond the workplace, beyond the industrial working

class. It was neither corporatist nor unionist. There was a lot of self-organization, there were general assemblies in factories and neighborhoods, road-blockages and other spontaneously organized radical actions. Yet it went nowhere. In the end, order was restored with remarkable ease, thanks to the powerful influence of nationalism. The movement did not develop an autonomous perspective and therefore was encapsulated in a populist narrative of Argentine patriotism against Yankee imperialism.

The danger that something similar could occur on a more global scale should not be underestimated. No matter how compelling the objective conditions may be, what's decisive is how they are understood, in which framework they are placed to make sense of it all. Through which window will the workers look at their world? The impending economic convulsions will chase even more migrants across borders. Will we see them as class brothers, victims of a sick system, or swallow the narrative that paints them as competitors, a menace to "our" nation? Will we condemn them for the crime of trying to survive? The shrinking of the global economic pie will transform economic rivalries into armed conflicts and trigger more wars. Will we recognize those for what they are, the poisoned fruits of a rotten system? Or will we swallow the narrative of nationalism, and once again learn to hate "the other" and die so that capitalism can live? The attacks on health care and social security will be explained to us as the unavoidable result of 'the greying of the population', the retirement of 'the baby boomer generation'. Will we recognize how absurd this narrative is? As if there could arise a shortage of workers, a lack of productive capacity to meet the increasing needs of the elderly...while the real problem is that capitalism has more productive capacity, more workers than it can find use for. Will we recognize that 'the social security crisis' is really an attempt by the capitalist state to make room for the increasing burden of debt-service by slashing the social wage?

The fight for working class interests is a battle for humanity's future. It can only be won by overthrowing the law of value but that cannot yet become the goal in the near term. The objective conflict between the needs of the working class, for a living wage, for health care, pensions, unemployment compensation, etc, and those of capitalism, for higher profits, debt-service, war-making, etc, will sharpen abruptly in the coming years. The narrative of the right will be: we must take care of the latter first and the results will trickle down to all. The narrative of the left will be: we can take care of both at the same time. The second, which tries to make us believe that the needs of the working class and those of the system that is responsible for the whole mess, are reconcilable, is the most dangerous. Against it, we must articulate a third narrative that arises instinctively from the class struggle: let's fight for what we deserve, as workers, as humans, and to hell with capitalism's needs.

(February 2004)

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FROM THE FORMAL TO THE REAL DOMINATION OF CAPITAL OVER SOCIETY

How Capital's Progress Became Society's Retrogression

IP was first constituted (1985) as an “external faction” of the ICC, with the aim of defending the platform of that organization in the face of its own degeneration. It quickly became apparent, however, that the degeneration of the ICC was not just organizational, but *programmatic*; that its capacity to grasp the trajectory of capital, both current and throughout what it designated as capitalism's phase of decadence (beginning in 1914) was woefully deficient.

While the ICC had the merit of clearly drawing the *class line*, based on the contributions of both the pre-war Italian (*Bilan*) and German-Dutch left, and that of the *Gauche Communiste de France* (1945-1952), its clarity in that respect was not matched by a comparable *theoretical* grasp of the development of capitalism as a mode of production and civilization in the period inaugurated by the cataclysm of World War I. Indeed, it became clear over the course of time, and as a result of much discussion, that the very theoretical bases upon which the platform of the ICC rested was, and had always been, inadequate to the task of grasping the trajectory of capital. Thus, in the course of its own evolution, IP came to reject core elements of the platform of the ICC, and its theoretical underpinnings: its vision of the accumulation process and its contradictions based on the theory of Rosa Luxemburg and the role of the disappearance of pre-capitalist markets as the veritable basis of capitalism's crisis tendencies; its concept of the decadence of capitalism as a halt, or at least a dramatic slackening, of the growth of the productive forces; its concomitant vision that capitalism in its phase of decadence precluded an increase in the standard of living of the working class; its vision of state capitalism based on the model of Stalinist Russia (seen as the mirror in which the whole of the capitalist world could view its own future); its insistence that aside from very short periods of reconstruction, decadent capitalism, in the absence of proletarian revolution, was condemned to live through a cycle of crisis/world war/crisis/world war.

Even a cursory glance at the period since 1945 will reveal the vacuity of the ICC's claims to grasp the trajectory of capitalism. Despite the evident fact that pre-capitalist markets cannot have provided the effective demand to absorb the capitalizable portion of the surplus-value produced by global capital (or even an appreciable portion thereof), capitalism has not experienced the catastrophic global crisis that according to Luxemburgist theory should



have befallen it. Nor can the *deus ex machina* of reconstruction or state capitalism rescue the “theory,” inasmuch as according to the ICC the phase of reconstruction following World War II was complete by 1968 (quite apart from the fact that on the strict basis of Luxemburg's theory any phase of reconstruction is precluded), and no real explanation of how the state could substitute for the effective demand lacking on the part of pre-capitalist markets has been proffered by the ICC. Moreover, the ICC's claim that there has been a dramatic slackening in the growth of the productive forces since 1914 is contradicted by all the indices that measure the growth or diminution of the productive forces. Indeed, there have been few periods in the development of capitalism where the growth of the productive forces has been so prodigious over so long a period as that which we have seen since 1950. Linked to that very development there has also been a significant increase in the standard of living of the working class in the advanced capitalist societies, at least into the 1980's and the end of the Fordist epoch. The vision of Stalinist Russia as the model for state capitalism has been dramatically refuted by the collapse of that regime and the repudiation of that model of capitalism even where Stalinist parties still rule. Finally the *imminence* of a third World War as capitalism's sole recourse once reconstruction is complete, and in the absence of massive class struggle or proletarian revolution, which has been the gospel of the ICC, has also been refuted by the actual trajectory of capitalism. Despite periods of open economic crisis over the past fifty years, global capital thus far has been able to continue the accumulation process without recourse to world war.

Confronted by such theoretical and programmatic failings, IP has sought to grasp the realities of capitalist development, and its perspectives, in a series of texts that preserve the class lines that separate Marxist revolutionaries from their class enemies, and that, at the same time, provide a development of Marxist theory that is adequate to grasp the enormous transformation that capitalism has undergone in the twentieth century, and, in particular, over the period since the end of World War II. A Marxist theory adequate to the demands of the present time must, in our view, acknowledge and grasp *both* the *progress* of capitalism in the present epoch, its capacity and imperious drive to develop the productive forces as a condition for its own survival as a mode of production, and its *social retrogression*, its devastating consequences for the human species and the very real danger that its continued existence represents for the world. What the ICC denied, the possibility that capitalism could progress even in an epoch of social retrogression (decadence), is the reality in which we today live. And if we are to politically confront the capitalist Moloch, it is vital for Marxists to *theoretically* grasp the transformations, the reshaping of the social, political, cultural, and class, landscape that it has wrought.

The theoretical glue that links together the various positions that we are in the course of elaborating, and that gives it its coherence, is provided by the vision of capital as undergoing a transition from the *formal* to the *real domination over society*. What that means, is that the operation of the *capitalist law of value* penetrates society as a *totality*; that every pore of society is invaded and transformed by the operation of the law of value; that all the domains of social existence are tendentially reshaped by the law of value. What prevents such a totality shaped by the law of value being a totalization from which there is no escape is that the law of value has its own internal contradictions; contradictions that provide the bases for its own overcoming. Politically, that means that concomitant with its domination of society, the law of value also generates the possibility of resistance and struggle against it; the prospect of revolution, then, is no less real than the social retrogression wrought by capital, which is why the theoretical project that we are engaged in is also a political project. However, it is the elucidation of the transition from the formal to the real domination of capital over society, and its significance, which we want to undertake in this text.

The concepts of the formal and real domination of capital, of the formal and the real submission of labor to capital, were first formulated by Marx in “The Results of the Immediate Process of Production,” the sixth, unpublished (until the 1960’s), chapter of *Capital*, and it was then elaborated upon by a number of militants linked to Bordigism. Marx himself had linked the formal submission of labor to capital to the extraction of absolute surplus-value, and the real submission of labor to capital to the extraction of relative surplus-value, confining the concepts of formal and real domination to the immediate

process of production; at any rate to the *economic* domain. A number of thinkers who originally encountered the concepts of formal and real domination on the fringes of the Bordigist movement, have contended that the transition from formal to real domination was completed by the 1850’s (*Robin Goodfellow*), a view echoed by the ICC in its critique of IP’s use of the concept. Others coming from Bordigism who have utilized the concepts of formal and real domination (*Communisme ou Civilisation*), while insisting on its significance for an understanding of the trajectory of capital in the twentieth century, have nonetheless continued to limit it to the economic domain in the narrow sense of the term. Still others, like Jacques Camatte (also coming from Bordigism) have expanded the scope of the real domination of capital beyond the economic domain, but have insisted that: “When capital achieves real domination over society, it becomes a material community, overcoming value and the law of value, which survive only as something ‘overcome.’” Camatte thereby extends the real domination of capital to society as a whole, as do we, but completely *detaches* it from the law of value, whose expression we believe the real domination of capital to be.

This view of the transition from the formal to the real domination of capital, then, rests not just on Marx’s distinction between the extraction of absolute surplus-value and the extraction of relative surplus-value, but on its expansion from the economy to society as a totality; from the process of *production* to the processes of *reproduction* – the reproduction of the capitalist social relations, the core of which is the value form. This reproduction, therefore, involves demography, technology, science, the modes of subjectivation of the human being, the political and cultural domains, as well as the economic, and the vast realm of *ideology*, understood not simply as false consciousness, illusion, or mystification, but rather as *consciousness, beliefs, actions* endowed with a *material existence*, and inextricably linked to the no less material existence of a determinate mode of subjectivation of the human beings, and the classes, that inhabit that civilization. Thus, in contrast to the formal domination of capital over society, in which only the immediate process of production is subject to the capitalist law of value, and the other domains of social existence still retain a considerable degree of autonomy from it, the real domination of capital over society entails the penetration of the law of value into every segment of social existence. Thus, from its original locus at the point of production, the law of value has systematically spread its tentacles to incorporate not just the actual production of commodities, but their circulation and consumption too. Moreover, the law of value progresses and comes to preside over the spheres of the political and ideological, including science and technology. Thus, with respect to state capitalism, where the ideological progenitors of the ICC saw a *restriction* of the field of application of the law of value, at least within the borders of the regime itself, we see a vast *expansion* of the operation of the law of value into every pore of society. Indeed, we agree here with Bordiga, for

whom: “State capitalism is not a subjugation of capitalism to the state, but a firmer subjugation of the state to capital.” (*Proprietà e capitale*) With respect to science and technology, the penetration of the law of value occurs not just through the transformation of scientific and technological research (and the institutions in which it takes place) into commodities, but especially through the infiltration of the value form, and its concomitant quantification, into reason itself (the triumph of a purely *instrumental* reason), and the reduction of all beings, nature and humans, to mere objects of manipulation and control. While the transition from the formal to the real domination of capital over society began in the industrial metropolises in the nineteenth century, its triumph, consolidation, and global spread, has been a twentieth century phenomenon, one that has transfigured the social landscape particularly over the past half-century and that continues now into the twenty-first century.

The transition from the formal to the real domination of capital over society constitutes the progress of capital since 1914. Yet that progress has been bought at the price of a horrifying social retrogression, such that the continued existence of capitalist civilization and a mode of production based on the operation of the law of value risks leading the human species to devastation on a scale never before seen in history; a devastation so great that it could extinguish the material and cultural progress inaugurated by the Renaissance, the Reformation, the Enlightenment, and the *critical attitude* that has been the positive and revolutionary side of capitalist modernity; an outcome that could destroy the very possibility of communism, of the creation of a human *Gemeinwesen*.

While the transition from the formal to the real submission of labor to capital entails an increasing reliance on the fruits of science and technology, and a concomitant recomposition of the working class that transforms the very meaning and nature of productive and unproductive labor, no matter how many changes occur in the forms and techniques of production, according to Marx, capitalism remains a mode of production whose “presupposition is – and remains – the mass of direct labour time, the quantity of labour employed, as the determinant factor in the production of wealth.” (*Grundrisse*, Penguin Books, p.704) However, the historical trajectory of capitalism produces a growing contradiction between its unsurpassable basis in the expenditure of living labor to produce exchange-value, on the one hand, and the actual results of its own developmental tendencies on the other: “But to the degree that large industry develops, the creation of *real wealth* comes to depend less on labour time and on the amount of labour employed than on the power of the agencies set in motion during labour time, whose ‘powerful effectiveness’ is itself in turn out of all proportion to the direct labour time spent on their production [a]s soon as labour in the direct form has ceased to be the great well-spring of wealth, labour time ceases and must cease to be its measure, and hence exchange-value [must cease to be the measure] of use value. The *surplus labour of the mass* has ceased to be the

condition for the development of general wealth (*Grundrisse*, pp. 704-705) In short, when the production of *real wealth* is no longer dependent on the extraction of surplus-value (absolute or relative), no longer inextricably bound to the expenditure of living labor, capitalism ceases to be a necessary condition for the progress of the human species; ceases to be a progressive mode of production. Moreover, the perpetuation of value production, its continued progress in the form of the transition from the formal to the real domination of capital over society, then constitutes not just an obstacle to the progress of the human species, but a form of social retrogression! The more capital progresses, as it has since 1914, and especially after 1945, the more that progress reveals itself to be *retrogressive* or *regressive*; a mortal threat to the continued existence of human kind. The creation of a vast surplus population, the exploitation of which by capital is no longer necessary or profitable (at any wage), has sown the seeds of new and more devastating orgies of mass murder, deliberately orchestrated by the capitalist state.



Piles of uncounted corpses: it could be an image from Auschwitz or Hiroshima but this one is from Dresden, after the Allied firebombing. In the endphase of World War II, millions of civilians were wiped out at a feverish pace.

The prospect of a re-division of global spheres of influence, the formation of new continental imperialist blocs, in the coming decades, of which today’s murderous local wars are but portents, awaits only the outbreak of a global economic crisis and the collapse of the current neo-liberal regimes, and the hegemony of the Anglo-American world market upon which today’s globalization of the economy is based, to make nuclear war a danger that stalks humanity once again. The technologies unleashed by capital, and inextricably bound to it, in its unending quest for surplus-value, portend ecological destruction on a scale that may interrupt the very metabolism between “man” and nature that has been the veritable basis of human existence since the birth of our species.

Capitalism has progressed, has continued to transform the world. The first task of revolutionaries today, the necessary basis for their intervention, is to grasp the nature and direction of that progress, of those transformations; to comprehend the implications and ramifications of the transition from the formal to the real domination of capital over society.

Mac Intosh

On The Formal And Real Domination Of Capital And The Decadence Of Capitalism

HOW CAPITALISM CHANGED

A dynamic analysis

Under capitalism, exchange value became the new god on earth, whom all humans have to serve in order to live, to share in the social wealth. But this god established his rule gradually, not instantaneously. The long process through which the law of value penetrated all of society, through which production and consumption and all other major fields of human praxis became capital, absorbed by the market or discarded, inevitably also transformed the proletariat, its living and working conditions, its essence, the framework of its struggle.

‘Formal and Real domination of capital’ or ‘Formal and Real submission (or subsumption) of labor’ are conceptual tools to understand this process and draw out its consequences. What they describe is thus something essentially dynamic, not two stable phases with a short dynamic transition period between them. Schematically it can be said that formal domination is the process through which capital takes over the world, and real domination is the process through which capital transforms the world into itself (into capital). Although they do describe two distinct historical phases in the development of capitalism, they cannot be divided into two neatly delineated historical periods. To this day, the process of formal domination continues in the periphery of the system where direct producers (peasants), shopkeepers etc., are being proletarianized in low-tech production. This obviously does not mean that they live in a world shaped by formal domination. Real domination is now present everywhere, if not directly then indirectly as the framework determining what’s possible and what’s not. It would be wrong to see formal and real domination as two stages every single capital can and must go through. There is no endpoint to the process of transition to real domination because the inherent contradictions of capitalism brought to life by real domination make the total real submission of labor impossible -- as we will see below.

Formal domination

Money, markets, value and capital existed before capitalism. Capitalist production begins when the law of value goes inside the production process, when labor power becomes a commodity (contrary to the theory according to which a new mode of production arises only when the previous one has exhausted all its development potential and has become stagnant, this new mode of production was made possible by rising productivity in feudal agriculture and by the expansion of trade and consequent rising demand for goods, so that “the production of the guilds is driven beyond its limits by its

own momentum and hence converted formally into capitalist production”) (p.1031) (1)

The essential features of this new mode of production are:

- the pure money relationship between the appropriator of surplus labor and the person who yields it; the submission is only economic, arising from the specific content of the sale (value-creating labor) and not from a fixed political and social relationship of supremacy and subordination ;

- both the means of production and the means of subsistence confront the producer (the worker) as capital. (p.1026)

This introduces huge changes in the production process: the producer (seller of labor power) becomes dependent on and subordinated to the buyer of labor power, his labor becomes far more continuous, intensive and far more economically employed. But under formal domination, as the term implies, the labor process itself remains essentially the same. “Technologically speaking, the labor process goes on as before, with the proviso that it is now subordinated to capital” (p.1026).

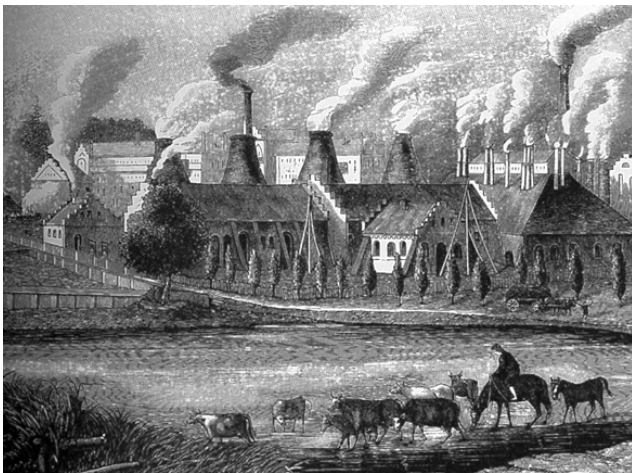
What does this mean? Not that there are no technological improvements. They become more frequent and diverse. But there is not yet a fundamental change in the relation man-technology. As before capitalism, human labor remains the wellspring of social wealth. Capitalism reorganizes the labor process, sweeps away all the barriers that limited the labor of artisans, serfs, slaves, independent peasants, guild and caste-members. Work becomes a job, independent of its content; labor becomes more mobile and versatile. The essential goal of the capitalist is controlling the labor process to squeeze as much surplus labor from it as he can, by employing as many workers as he can and extending the duration of the labor day as much as possible. Adding more hours to the labor day does not change its exchange value, which remains determined by the value of the means of subsistence of the worker, but it obviously expands the value created in that day and thereby increases the surplus value, the profit.

Human labor always had been the wellspring of social wealth; it is precisely for that reason that the law of value became the foundation of exchange. Although the law of value under the formal domination of capital regulated production and commerce only formally (from the outside) and had not yet penetrated them in depth nor spread to many other parts of society, not to mention the vast areas of the world that remained pre-capitalist, it should be noted that in this phase, there was perfect harmony between the law of value and capitalism. Employment and profit grew hand in hand, as did the expansion of real

wealth (use values) and capitalist wealth (exchange value). That didn't mean that there were no crises but these were caused by external factors such as bad harvests or a sudden increase of the money supply due to gold and silver discoveries. The contradiction between capitalist production and the very law on which it is based did not yet surface.

The production of absolute surplus value (2) was the material expression of the formal submission of labor under capital (p.1025). That does not mean that there was no extraction of relative surplus value. If we consider 'formal and real submission' not just as abstract theoretical concepts but also as historically descriptive terms, it seems to me that Marx was too schematic, and implicitly contradicted himself, when he wrote that absolute surplus value was the sole manner of producing surplus value under formal domination (p.1021) (3). Because the labor process intensified and the value of labor power slowly declined as growing productivity cheapened the means of subsistence, the same amount of labor time gradually yielded more surplus labor and thus relative surplus value. But as long as the labor process remained essentially unchanged, the growth of productivity remained necessarily very limited. Thus the only way to substantially increase surplus value, was to prolong the working day in absolute terms. The primacy of absolute surplus value reflected the essentially external relation of the law of value to the labor process.

The formal domination of capital expanded relatively fast in what had previously been artisanal production but much less so elsewhere. Until the early part of the 20th century the vast majority of the working population of the world consisted of peasants, serfs and servants. Likewise, the entire distribution sector remained largely non-capitalist. All the parts of society outside the immediate process of production (education, scientific research, culture, warfare, political, social and religious institutions, etc) were outside the market, un-penetrated by the law of value. Even the state, although conquered by the capitalist class, remained largely above and outside the market. More on that further on.



Textile mill in England in 1840's

Real Domination

Every major social transformation is the result of a maturation of its necessity and possibility. For real domination, the necessity was the insurmountable limit to the increase of absolute surplus value. The law of marginal utility applies: at a certain point, the further increase of the working day yields zero extra surplus value and then the yield becomes negative, as it results in declining productivity due to exhaustion, sickness, accidents and workers' resistance. The possibility arises, generally, "when the individual capitalist is spurred on to seize the initiative by the fact that value = the socially necessary labor-time objectified in the product and that therefore surplus value is created for him as soon as the individual value of his product falls below its social value and can be sold accordingly at a price above its individual value" (p. 1023); and, specifically, by the advances of scientific and technological knowledge applicable to production and to the enlargement of the scale of production achieved by formal domination.

Real domination does not of course alter the essential innovation brought about by formal domination (the direct submission of the labor process to capital), "but on this foundation now arises a technologically and otherwise specific mode of production -- capitalist production -- which transforms the nature of the labor process and its actual conditions." (p. 1034) Its driving force becomes the pursuit of relative surplus value.

What does this mean? Nothing less than the greatest transformation of the labor process in history since man fashioned the first tool: a complete subject-object reversal in the relation man-technology. "In handicrafts and manufacture, the worker makes use of a tool; in the (modern) factory, the machine makes use of him. There, the movements of the instrument of labor proceed from him, here, it is the movements of the machine that he must follow. In manufacture the workers are part of a living mechanism. In the factory we have a lifeless mechanism which is independent of the workers who are incorporated into it as its appendages". (p.548)

This technology-centered production allows a deep penetration of the law of value into the labor process. Whereas under formal domination, the labor day as a whole is a commodity with a value smaller than the value it creates and the gap can only be widened by lengthening the whole day, in real domination, the uniform motion of the machine is the measuring rod that quantifies every segment of the labor process and thereby subjects that every segment, even every motion, to pressure to squeeze more value from it. One can discern different phases within real domination, from its 'primitive period' started by the so-called first industrial revolution, to its maturation in assembly line Fordist mass production and on to post-Fordist, information technology-based production in which the machine takes over not only manual labor but increasingly also non-manual tasks including monitoring, not just other machines but the workers themselves. The

most striking red thread in this evolution (or permanent revolution) is the ever-deeper penetration of the law of value into the labor process, resulting in its ever-greater intensification.

Another red thread is the increasing socialization of the labor process, not only in the sense of replacing the more or less isolated labor of individuals by a collective labor process with the machine at its center, but also in the sense that the rigid barriers between different sectors of production break down and later also the barriers between immediate production and sectors that contribute indirectly to the valorization of capital and even between countries, so that “the real lever of the overall labor process is increasingly not the individual worker” but “labor power socially combined”, the international, collective worker, of which a particular worker is merely a limb (and it is quite irrelevant whether his or her task is in direct production, scientific research, teaching, engineering, cleaning or cooking: real domination sweeps away the previous definitions of productive and unproductive labor). Again, we can see the realization of this tendency through the different phases mentioned above.

Compared to real domination, all earlier modes of production, including formal domination, were essentially conservative. Real domination opens an era of permanent revolution in the technical base of production, in the relation between workers and capitalists, in the content of the labor process, in the division of labor in society, in the composition of the working class (and to a lesser degree, of the capitalist class too). Not even crises can halt this tendency. While falling profits diminish the means to realize it, they also provide an extra impetus to it: the more the general rate of profit falls, the more the individual capitalist is spurred on to try to escape from the decline by lowering the individual value of his product under its market value through technological innovation. This makes clear that the hypothesis of capitalism arriving at a point on which it no longer can develop the productive forces, as the ‘classic’ decadence theories claim, betrays a lack of understanding of the very nature of the specifically capitalist mode of production, the real domination of capital.

Again, the gradual nature of the transformation must be stressed. The most common misconception about real domination is to see it as the quasi- instantaneous result of the so-called first industrial revolution. (4) But the transformation is also continuous. The process of real domination not only allows the law of value to penetrate the labor process in depth but also in width: it spreads its rule over all aspects of society and all areas of the world. The latter is clear enough: real domination opens the door to mass production, to an acceleration of the tendency towards an unceasing enlargement of the scale of production that already existed under formal domination, which not only makes it possible for the new mode of production to spread geographically but compels it to, since it requires an ever larger market for specifically

capitalist products. Likewise it is fairly obvious that the process entails a continuous extension from industry to industry, at the same time diversifying the spheres and sub-spheres of production. But real domination also implodes the borders between infrastructure and superstructure, between the economic and non-economic spheres of society. In its most developed phase, there is no longer any non-economic sphere, everything is tendentially integrated into the market and operates on the basis of the law of value (that does not mean of course that every activity is productive, is valorizing capital). This inevitably changes both the content and form of all institutions that previously were standing outside the market and occupied a relatively autonomous space. Today, despite all their particularities, all sizable political parties, trade unions, churches, cultural institutions, hospitals, universities, schools, foundations, interest groups, entertainment providers, services of all kinds, operate more or less like capitalist companies or subsidiaries thereof, with the corresponding structures, hierarchical layers and divisions of labor, competing for their share of their respective markets, conquering or protecting their niche in the global market the world has become. The process also entails the emergence of state capitalism, the integration of the state in the market in which it came to play the central, organizing role, which again changed both its function and form. This osmosis of state and economy is a natural product of real domination, rather than a means by which the capitalist class seeks to manage the contradictions of its system (although the state certainly is used for that purpose, but that is not the genesis of state capitalism as we used to think). This process, by which the previously non-economic spheres of society are invaded by the law of value, unfolded gradually over time and unevenly, faster here, slower there. Tragically but inevitably, it conquered also the mass organizations that originated from within the working class, organs of struggle and self-defense as well as expressions of an autonomous proletarian cultural and social life. This loss would have occurred even if the contradictions of capitalism had not come to the surface and made the system socially retrogressive. But it was the explosion of those contradictions that made those previously proletarian organs into arch-enemies of the working class struggle.

Real Domination And Decadence

As soon as machine-centered factory production becomes the dominant mode of production, the contradiction between its inherent tendencies and the law of value begins to manifest itself. Measuring social wealth in labor time (exchange value) when the principal well-spring of wealth is no longer labor, is bound to become increasingly absurd and to create ever growing obstacles in the cycle of capital, for its production as well as its circulation.

To start with the latter: formal domination changes the immediate purpose of production from meeting existing needs to producing as much surplus value as possible, but



Charlie Chaplin spoofing real domination in his movie « Modern Times »

only under real domination is this tendency fully realized and does it create an obstacle for the return of value into the cycle of capitalist reproduction. “ ‘Production for production’s sake’ -- production as an end in itself -- does indeed come on the scene with the formal subsumption of labor under capital (...) But this inherent tendency of capitalist production does not become adequately realized -- it does not become *indispensable*, and that also means *technologically* indispensable -- until the specific mode of capitalist production and hence the real subsumption of labor under capital has become a reality” (...) instead of the scale of production being controlled by existing needs, the quantity of products made is determined by the constantly increasing scale of production dictated by the mode of production itself. Its aim is that the individual product should contain as much unpaid labor as possible, and this is achieved by producing for the sake of production. This becomes manifest as a law since the capitalist who produces on too small a scale puts more than the socially necessary quantum of labor into his products. That is to say, it becomes manifest as an adequate embodiment of the law of value which develops fully only on the foundation of capitalist production” (p. 1037)

The more real domination develops, the stronger the tendency to expand the productive forces in indifference to the demand generated by its own needs for reproduction. Hence capitalism’s unavoidable tendency to eradicate scarcity, to overflow its own reproductive demand. But the law of value is born out of conditions of scarcity and needs it because without it the value produced cannot be realized. The absence of scarcity under capitalism does not mean abundance but overproduction, crisis. So while the law of value develops fully only on the foundation of real domination, its very development impedes its functioning.

The driving force of the capitalist in real domination is to outwit the law of value by reducing the individual value of his product (the quantity of labor it embodies) below its

socially determined (market) value. In time, competition pulls down the social value of the product to that individual value, from which the capitalist then again tries to escape by lowering the value of his product further. So real domination entails the tendency towards valueless (and thus profitless) production. The tendency is counteracted by the growth of the relative surplus value emblematic of real domination. Relative surplus value increases because it requires ever less labor time to reproduce the value of the labor power (the products and services workers buy with their wages) and the labor process is driven to ever-greater intensity. But no matter how much these factors increase the unpaid part of the labor-day versus the paid part, the surplus labor time remains but a part of the whole, and must shrink with it. The tremendous growth of productivity which real domination causes does not solve this problem; it creates it. “The rate of profit does not fall because labor becomes less productive, but because it becomes more productive”. (5) The result is that the more capital develops, the more difficult it becomes to valorize, to make profit that does not evaporate, that is really surplus value.

It’s impossible to understand the history of capitalism without taking into account its metabolism with its non-capitalist environment. And it’s likewise impossible to understand the history of the specifically capitalist mode of production (real domination) without taking into account its metabolism with the labor-intensive, low-tech environment of formal domination in which it developed. Redistribution of value on the market generated huge profits for formal domination in its metabolism with the pre-capitalist world and for real domination in its metabolism with both pre-capitalism and formal domination. Rosa Luxemburg was right in emphasizing its importance, even though her theoretical framework was faulty. In trying to ascertain when and why the above mentioned contradictions gathered the critical weight that changed the global framework for capitalist accumulation, that made the destruction of value an indispensable part of

its cycle, that forged an unbreakable link between overdevelopment and underdevelopment, that made it socially retrogressive or decadent, it is essential to see how the development of real domination activated its inherent contradictions, its tendencies to overproduction and valueless production, but also how it closed the escape-valve provided by its metabolism with higher value-creating production modes.

Consider what Marx saw as the hallmark of real domination: the capitalist's urge to drive the individual value of his product under the social value. That is the motor, the driving force because, as we've seen, capital is forced to accumulate but hampered by the physical limitations to increasing absolute surplus value. When a capitalist drives the individual value of his commodity under its social value, he obviously obtains more surplus value: he sells his commodity 'pretending' that it has more value than it really does and reaps a surplus profit (= a profit in addition to the surplus value his own workers have created). But in itself, this does not augment the surplus value for capital as a whole. (6) The extra-surplus value of this capitalist is not in his product, it is not produced by his workers. He obtains it on the market. As we saw before, real domination does lead to an increase in the rate of surplus value also, directly, because of the intensification of the labor process, as well as indirectly, because it results in a (relative) decline of the value that goes into the production of the use values that determine the value of labor power. But the redistribution of value on the market, in the circulation process, is not a source of surplus value for capital as a whole; yet because it's such an important source of surplus value for single capitals, it shapes its development.

Surplus value is redistributed on the market in several ways, as we explored in some detail in our series on the roots of the capitalist crisis (7). First, within sectors through the formation of social (or market) values, based on the value of the commodity resulting from the prevalent conditions of production within each sector. Since that value is above that of the more productive competitors and under that of the less productive ones, this effects a transfer of surplus value from the latter to the former. Because market values are a social construct, expressing what society considers to be the socially necessary labor for any given commodity and formed through countless economic competitive interactions, there is always a time lag between changes in the prevalent conditions of production and the market values' adaptation to these changes. Therefore, just as a single capitalist who innovates faster than average obtains a surplus profit within his sector, sectors with a higher productivity growth than average, whose commodities decline faster in value than average, score a surplus profit that comes from the surplus value of the rest of the economy.

Later, another redistribution of surplus value occurs between sectors of the same economy through the

tendential equalization of the rate of profit. Competing investment capital, moving around, in and out of different sectors in search of a higher rate of profit, pushes the development of each sector as far as the market allows it to go, so that tendentially, the same quantity of invested capital has the same rate of return everywhere. Where the rate of profit rises above the general rate of profit, capital moves in until overcapitalization makes it decline and so on. Market values are thereby converted into prices of production: commodities are no longer sold as $c+v+s$ (the value of the constant capital and of the labor power used to make them, plus the surplus value created by that labor power) but as $c+v+p$ (average profit). It does not mean that market values cease to exist as the underlying basis of prices but they are constantly being converted. This conversion is the result of competition between financial capitals and does not alter the fact that in some sectors more surplus value is created per capital advanced than in others. The sum of surplus value remains equal to the sum of profits but almost never is the profit of a particular capitalist equal to the surplus value he extracted. So this "equal division of the loot", as Marx called it, tends to eliminate the surplus profits resulting from higher than average productivity but also effects a transfer of surplus value from the sectors with a low organic composition (less technified production that uses relatively more labor power and thus also more unpaid labor power and thus yields a higher rate of profit) to those with a higher one.

Both these forms of redistribution of surplus value on the market affect transfers of value from pre-capitalist producers and formal domination-capital to capitals operating under conditions of real domination. Both take place within countries, consecutively as well as simultaneously. Historically, first market values are formed, first locally, than nationally. When real domination began to develop, its superior productivity enabled it to obtain gigantic surplus profits, every time it invaded a new sector as well as through the metabolism between the sectors in which it was first established with the rest of the economy. "As long as machine production expands in a given branch of industry at the expense of the old handicrafts and manufacture, the result is as certain as is the result of an encounter between an army with (..) rifles and one with bows and arrows. This first period, during which machinery conquers its field of operations, is of decisive importance, owing to the extra-ordinary profits it helps to produce. These profits not only form a source of accelerated accumulation, they also attract into the favored sphere of accumulation a large part of the additional social capital that is constantly being created, and is always seeking out new areas of investment. The special advantages of this initial period of furious activity are felt in every branch when it is newly penetrated by machinery" (p. 579)

This resulted in widely diverging rates of profits. As the productive capacity of real domination increased and internal obstacles to the mobility of capital fell away, these

differences could not remain. Investment capital moves to where the surplus profits are but this very movement eliminates them. By following the example of the innovating capitalist, it spread real domination horizontally in all the sectors it entered. Thereby the market value fell and the source of surplus profit within the sector, the difference in productivity between its components, disappeared or at least diminished greatly. As for the surplus profits resulting from the difference in productivity-growth between the sectors where real domination first established itself and those still under formal domination, the movement of capitals tended to make them disappear too, by overaccumulating in the former, thereby provoking overproduction and falling prices and profits, making investment and thus mechanization of other sectors comparatively more attractive. So ineluctably, real domination jumped from sector to sector. The surprise is how long this took. Given the interconnectedness of the different sectors of the economy, one would expect that the technological revolution in one sector would lead rapidly to similar revolutions in all others. Yet for decades, real domination remained largely confined to textile-production. Most of 'Department I', the production of constant capital (raw materials, machines and other infrastructure) still operated under conditions of formal domination in the middle of the 19th century. The main reason for this slowness is that the mobility of financial capital was much greater than the mobility of productive capital. The former caused an equalization of the national rate of profit before the latter could lead to a homogenization of the conditions of production. The general rate of profit mirrors the rate of profit resulting from the average conditions of production, and is thus higher than the one resulting from production in sectors with a high organic composition of capital (occ) and lower than that of the ones with a low occ. In other words, the equalization of the profit-rate lowered the profit-rate of sectors that were still under conditions of formal domination, and thereby undercut the incentive to invest in them. So the spread of real domination from sector to sector did not happen so smoothly but with leaps, spurred on by crises of overproduction in overcapitalized sectors and underproduction in undercapitalized ones. The fact that it occurred so unevenly and that especially agriculture remained mostly untouched by real domination throughout the 19th century, meant that there continued to be a domestic source of surplus profit -- surplus value transfer -- to real domination-capital. But it became smaller as the growth of the scale of production of real domination and of the mobility of capital homogenized the conditions of production.

So the driving force of real domination, the urge to drive the individual value of the commodity under the social value, resulted in a horizontal development of capitalism, an homogenization of the conditions of production within countries, spreading real domination. But this homogenization also pulled the general rate of profit down, as the labor-content of the average conditions of

production declined. So the incentive to obtain a surplus profit on the market by driving the individual value of the product under its market value, did not diminish. But it became harder to accomplish. The capitalist constantly tries to escape from the general rate of profit because of its tendency to decline, but the more real domination is competing with itself, the less any single capital or sector can deviate from the average, and the shorter the deviation lasts. The most developed capitals try to hold on to their surplus profits by cheating competition, by striving for a monopolistic position on the market. The more the general rate of profit tends to fall, the more incentive to bring new products to the market that are unique or for whom the appearance of uniqueness can be artificially created, or to achieve a monopolistic position through cartelization (agreements with other big capitals in the same market).

Let us now consider the transfer of surplus value between countries. Although international trade was the midwife of the capitalist mode of production, the lack of development of the scale of production, the high costs of transportation and protectionist policies limited it severely in the era of formal domination. When real domination began to emerge, foreign trade increased rapidly. However, until the very end of the 19th century, there was no unified world market. International competition was so limited that prices of internationally traded goods varied greatly depending on where they were sold, just as prices had varied within countries before competition on a national scale made them (tendentially) uniform. What determined the price was the social value that the commodity had (or 'ideally' had, in case it wasn't produced there) on the market where it was sold. So real domination-capitals, when trading with the rest of the world, obtained surplus profits as sellers in countries where the social value of their commodities was determined by local, inferior conditions and was therefore way above their individual value, and again as buyers because market values in the more developed countries are formed on the base of technified and thus lower value production, forcing the exporters from countries where formal domination or pre-capitalism were preponderant to sell their commodities below their individual values. The profits were huge, because the difference in productivity between the two capitalist modes of production is huge. And there could be a lot creamed off because of the high rate of profit of formal domination.

When not competing with real domination-capital, production under formal domination is very profitable. More so than real domination, even though the latter is much more productive. With real domination, the market expands, the rate of exploitation increases (from the same quantity of labor power more (relative) surplus value is extracted), but the rate of profit (before surplus profits are added) goes down, as the base from which it is squeezed, labor power, relatively shrinks. But that high rate of profit means zilch, if you can't compete, if the market value is pulled under the value of your own product by external,

cheap-value producers. As a rule, formal domination capital cannot compete against real domination. So the limitations to the international mobility of capital were a vital condition for real domination to emerge in country after country. That makes it quite understandable why there was so much protectionism in the 19th century and why it strengthened (after a fairly brief interlude of free trade that ended after the crisis of 1873, then called “the great depression”) at a time when railroads and steamships were bringing transportation costs down dramatically and the big real domination-producers were outgrowing their domestic markets. Some of the protectionist policies were clearly counter-productive, especially when part of trade-wars. Others shielded the metabolism between the young modern industry and their environment of pre-capitalism and formal domination from intrusion and allowed the US in the 1880’s and Germany in the first decade of the 20th century to surpass the industrial capacity of Britain.

Financial capital was unhindered by protectionism and the many other obstacles to the export of commodities. Therefore, by investing financial capital in countries with inferior conditions of production, the most developed countries could obtain the rate of return that they could no longer get at home. And by doing this, they continued the horizontal development of capitalism, spreading real domination across borders.

Real domination developed first in England. But as soon as it became dominant, the contradictions of the specifically capitalist mode of production came to the surface. The scale-enhancement of production led to relative saturation of domestic markets and, as a result of the greater mobility of capital, the rate of profit equalized and fell. Falling national production prices reflected the fact that machine production was more and more competing against itself, that its metabolism with formal domination and pre-capitalism rapidly diminished. The price of steel, for instance, fell between 1873 and 1886 to a quarter of its former level. The combination of saturated domestic markets and a falling rate of profit, slowed accumulation considerably: from 1873 to 1913, productivity-growth was zero. Britain by that time had accumulated a huge mass of capital in its abstract value hoard-form; financial capital which, in order to remain value, needed to valorize, to accomplish M-C-M, to lead to the creation of new value. Zero-productivity growth would have cut off a great chunk of British capital from valorization and would have forced a devalorization that would have, because of Britain’s central role, plunged the capitalist world into a deep depression, if its domestic losses were not compensated for by the yield of its capital-exports. British foreign investment, already by far the largest in the world, increased by 75% in the 1870’s and became far larger than its domestic investment. Abroad, British capital repeated the process that had yielded such fabulous profits in its own country, by investing in the development of real domination in countries that were, because of the development of formal domination, ready

for take-off. Other countries where real domination developed, followed in England’s footsteps and invested more and more abroad. In the 1880’s, capital-exports took off on a grand scale, though Britain maintained the lead (43% of the world total in 1914, followed by France’s 20% and Germany’s 13%).

It is important to note that what attracted these exports was the high rate of profit under formal domination and the surplus profits obtained by real domination when it starts to take over its formal domination/pre-capitalist environment. That is what British and later other capitals invested in. Consider British investment in Latin America, which grew from less than 25 million pounds in 1825 to almost 1200 million pounds in 1913. Of that last sum, 54% was invested in securities that went to the construction of railroads and other infrastructure. Of the direct investments, the largest recipient was, again, railways, followed by public utilities (gas, electricity, waterworks, telephone and telegraph, tramways) and financial institutions. The production of raw materials came only in fourth place, in glaring contrast to the 20th century, when it became by far the largest recipient of direct foreign investment. In other words, even in Latin America (and more so earlier in Europe and North America) real domination invested in the modernization of the world, in its infrastructure, utilities, banks, in its own extension, not out of compassion but for profit. But the profits were only there because real domination had not yet fully extended the law of value to the world market.

Fostered by the combination of protectionism and foreign investment, real domination became preponderant in Germany, the US, Japan and other countries. By the end of the 19th century they faced the same contradictions as Britain: the scale of their production became too large for their markets, the lower value-content of their commodities pulled their general rate of profit down and this was less and less compensated by surplus profits resulting from trade with pre-real domination, because real domination was killing the goose that laid the golden eggs.

Real domination received a new boost with the wave of inventions and technological innovations (combustion engine, electrification, applied chemistry, etc) at the end of the 19th century and the beginning of the 20th (the so-called second industrial revolution). The new technology improved and cheapened transportation and commodities in general and thereby widened the market and allowed for its deeper penetration. A wave of new technology always means a return to super profits, as it creates ample opportunities to increase productivity, to bring the individual value of a commodity under its market value. The surge of surplus profits attracted capital that stimulated a powerful acceleration of the concentration of capital. It was in this period that most of the giant companies were born that are still the dominating multinationals of our day. But in a unified market with many real domination-competitors, the movement of

capital tends to close the gaps in productivity, thereby eliminating the surplus profits. In order to withstand the leveling effect of competition, the most concentrated capitals strive for monopolistic market positions, to hold on to their surplus profits, or for semi-monopolization through the formation of cartels with other dominant players. In Germany, where the latter phenomenon was most pronounced, the number of cartels grew from 4 in 1875 to almost 1000 by 1914.

The same trends of accelerated capital concentration, monopolization and cartel-formation were characteristic of the 1920's and the present period. Developed capitalism was -- is -- confronted by the same three problems:

- an overall downward trend of the rate of profit, despite huge super profits going to the most advanced capitals, as the average occ rose and low value production was less compensated for by the higher value production of pre-real domination producers which were being squeezed out of the market;

- a global overcapacity, as the scale of production of real domination outgrew the market available to it. The increasing dependency on a wider, international, market stimulated the fall of prices on the world market as countries made their export products cheaper, not by devaluing their currencies as would happen later but by outright 'dumping' (selling cheaper abroad, even below costs, than at home) which Germany and others did on a massive scale beginning in the 1880's. In America, senator Albert Beveridge expressed the growing consensus in Washington in 1897 as such: "American factories are making more than the American people can use; American soil is producing more than they can consume. Fate has written our policy for us; the trade of the world must and shall be ours". 'Fate', or rather, real domination, wrote the same policy for Germany, England, France and others. A global war for 'the trade of the world' was in the cards.

- thirdly, the mass of capital resulting from previous accumulation had grown tremendously.

The slowing pace of new value creation threatened to cut off a substantial part of that capital from valorization. Therefore capital looked for a safe haven to escape the pressure to devalorize. So the deflationary trend of capital in its commodity-form went hand in hand with an inflationary trend of financial assets, as their prices, or at least those of assets that were seen as most likely to withstand devalorization, were bid up. In the US for instance, the paper value of non-agrarian companies doubled between 1900 and 1912 (while the GDP had an average annual growth of 3,9%). This could not go on. A global bubble of fictitious capital was beginning to form. Few may have noticed but all the elements for real domination's first global systemic crisis were falling into place.

But why could it not be avoided, or at least shoved into a faraway future, by repeating in country after country the process by which British capital and later others had

staved it off, by exporting real domination and thereby reaping the extra-profits that the metabolism of the industrial mode of production with its more primitive environment generated? Why could real domination until the early 20th century spread in a powerful broad, horizontally homogenizing way and then no more? Capitalism continued to expand and develop of course, but now in a glaringly uneven way. While before, the number of countries joining the ranks of developed capitalism had been growing steadily, since then, the gap between the developed and the underdeveloped has remained frozen in place and even widened. An obvious answer is that global capital ran out of countries where formal domination was developed enough to be ready for the leap to real domination. That may be true but it isn't a sufficient explanation. There was no lack of countries that were at least as developed as England was at the time that formal domination spread there and was very profitable, both as a result of its metabolism with pre-capitalism and because of the high 'natural' profit-rate yielded by absolute surplus value. So why couldn't they follow the same course?

The answer must be sought, not so much in the conditions of the underdeveloped countries, but in a change of the global conditions for valorization. Only in the early 20th century did the specifically capitalist mode of production and circulation become a truly global system, only then did the law of value really establish its rule over the world market. For Marx, the crisis of capitalism was linked to its creation of the world market (8). He explained this as follows:

"The stupendous productivity developing under the capitalist mode of production relative to population, and the increase, if not in the same proportion, of capital-values (not just of their material substance), which grow more rapidly than the population, contradicts the basis, which constantly narrows in relation to the expanding wealth, and for which all this productiveness works. They also contradict the conditions under which this swelling capital augments its value. Hence the crises."

In other words, the effects of capitalism's relative contraction of its market ('population' in my view is used here as shorthand for all the components of capitalism's market, pre-capitalism included, in so far as it participates in the cycle of value, but that 'constantly narrows') as its tendency to valueless production ('the conditions under which capital augments its value') and the growing gulf between the mass of capital-values already created and the narrowing basis of the value-creation that needs to feed it, really come to a climax when the same actions of the law of value that placed real domination before insoluble contradictions on a national scale, were felt on the world scene.

The law of value does not operate automatically; it is enforced by competition. Without competition, there is no reason why the price of a product should be based on its value. Competition imposes uniform market values and

prices for the same commodity. The absence of uniform prices on the world market therefore showed how limited international competition and thus also the application of the law of value was in global trade. But with the development of real domination and its growing need for wider markets, international trade had grown tremendously. Despite protectionism, in 1913 foreign trade per capita was more than 25 times higher than in 1800. At the turn of the century, for the first time in human history, international competition imposed uniform prices for the same commodities on the world market. And these prices were falling: the lower value-content of production under real domination imposed itself on the world.

The uniformity of world market prices grew gradually together with competition. As with the formation of market values on the national scene, international market values reward the most productive competitors with a surplus profit. This surplus profit is more permanent because of the greater heterogeneity of the conditions of production and the obstacles to the mobility of capital across borders. There is no equalization of the rate of profit internationally, which explains why countries favored the expansion of foreign trade and capital-export over domestic accumulation.

However, the appearance of uniform and falling world prices showed that production under real domination was now preponderant in Western Europe, the US and Japan, countries that were all increasingly dependent on foreign trade and that were more and more competing among themselves, so that the international values were coming closer to the values of the most productive capitals which therefore saw their surplus profits tendentially melt away. From the point of view of the demand of capital as a whole, the means of production of countries which had not yet made the leap to real domination, represented more and more an excess capacity; consequently their share in world trade has been declining ever since.

Real domination had conquered the globe, not in the sense that it was present everywhere nor that its development was completed, but in that it had fashioned an integrated worldwide system of production and circulation in which the different parts no longer were able to follow their own path to development but were conditioned by their place in the whole. That system would continue to grow but it would grow now as an integrated whole in which the least productive, least competitive parts, were permanently forced to unfavorable specialization in function of the needs of real domination. The permanence of their underdevelopment reflects a permanence of overcapacity, of lack of opportunities to create value. This is an overcapacity of means of production, in the first place of labor power. A permanent overproduction of variable capital whose price consequently permanently falls under its value. The productive capacity of real domination continued to expand and invade sectors in which it was not yet present, thereby changing the world materially in such

a way that its own demand was more and more geared towards use values that were themselves specific products of real domination. In other words, the more it was creating a specifically capitalist mode of production and society, the less fitting the products of pre-real domination were in that world and the more the countries which had not made the leap were forced to unfavorable specialization. The world was now connected as never before with all its parts integrated in an international division of labor. But they were connected as non-homogenized parts, and it was their very integration, their connectedness, which determined the lack of homogenization.

In Europe, North America and Japan, capitalism had developed in stages. The maturation of each stage laid the foundations for the next one. First a rise of feudal productivity, original (so-called 'primitive') accumulation of capital from commerce, colonial plunder and the separation of pre-capitalist producers from their means of production (expropriation of agrarian population, etc., see part 8 of Cap, vol.1), laid the foundations for formal domination. The maturation of formal domination, its development of infrastructure and productive capacity, set the stage for the take-off of the machine production of consumer goods; this in turn created the conditions for the spreading of real domination to the production of machines, then on to other sectors, including mining, agriculture, distribution and so on. Each stage was made possible by the previous one and in turn made it possible to move to the next one. But once real domination unified the world market, global conditions blocked the path of capitalist development in countries which would have taken off without them, and whose development would have been a source of profit for foreign capitals investing in it. International competition, and the downward pressure it exerted on values and the rate of profit in the less productive countries, and the consequent diminished incentive for foreign capitals to invest in their development, kept those countries imprisoned in an unfavorable division of labor that kept them not only underdeveloped but made them dependent too. It's true that this division of labor, geared towards the needs of the industrialized countries, had been prepared by colonial plundering, by a destruction of handicrafts and other local production unable to compete against external machine production, that was already occurring before the unification of the world market. But the limits to international competition and to the productive capacity of even the most advanced producers until then, meant that there was still room for local capitals to make the next step, to climb to the next stage of capitalist development. In the 1860's for instance, the textile industries of Japan, Italy, Spain and Russia transitioned to real domination, despite the much higher productivity of the British textile industry. The same was true, to a lesser extent, in India and China in the 1890's. Those centuries of colonial plunder and the subsequent specialization in function of the needs of (external) real domination, asphyxiated the

(internal) process of primitive accumulation for industrial capital, while the threshold for capital formation was set continuously higher by the development of real domination abroad, which constantly increased the relative cost of the constant capital required for competitive industrial production.

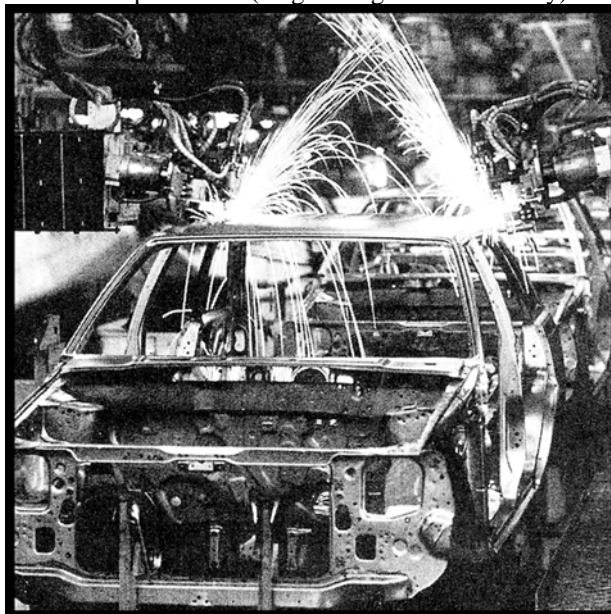
In short, the horizontal dynamic of capitalist development sputtered and came to an end. This meant that the conditions for valorization for the ever growing mass of capital in real domination could only worsen to the point of requiring a massive devalorization in order to restore them. As we argued before, the point at which the first round of massive destruction of value was undertaken, was not predestinated. World war one was not a mechanical reflex to what was economically brewing. A great number of factors have to be taken into account, including the weight of the past on the capitalist class, of an entire history in which economic gains and territorial conquest went hand in hand, of the recent successes obtained through protectionism which reinforced the idea that if domestic markets became too narrow, they had to be expanded by force. Another factor that should be mentioned briefly is the penetration of real domination in warfare, the technification of both military production and the armies themselves, which greatly enhanced their potential. However, instead of seeing those and other factors as alternative explanations replacing economic necessity, they should be linked to the great subconscious urge to devalorize coming from the maturation of the contradictions inherent in real domination.

An analysis of the further development of real domination over the course of the 20th century and now, falls beyond the scope of this article. IP has written on this before and we will come back to it. The contradictions of real domination, its tendencies to overproduction and valueless production, have been present ever since. The phases of rapid expansion of the world economy since then should be seen in light of mainly three factors:

- the clearing of the decks as a result of massive devalorization: the degree to which the destruction, through crisis and war, of excess capacity (constant and variable capital) and of excess abstract value that needs to be fed by surplus value, restores the conditions for accumulation;
- the removal of obstacles to the mobility of capital, as a result of (amongst other factors) falling transportation and communication costs, the (slow) political response of capitalism to the growing market access needs of its ever more productive economy whose profit-rate severs smaller per commodity so that under-capacity kills it. The widening of the field of action of developed capitalism, both in depth and in extension, allows production at a level that is required by the productive capacity of the technology employed, which is itself not dictated by demand, but by the drive to go under the market value. It

further removes many 'faux frais' (overhead costs) that weigh on profits. And it restores, to a greater or lesser degree, the metabolism between real domination and formal domination/pre-capitalism, and thereby surplus profits for the former;

- the increase in the rate of surplus value. The further development of real domination cheapens the value of labor power and increases the intensity of labor, the value created by labor power. The emphasis is on relative surplus value, but that does not exclude at times a rise of absolute surplus value (lengthening of the work day) too.



Robots assembling cars

It was in the period following world war two that these three factors were most powerfully combined. In the recent phase of 'globalization', the second and third factors operated and still do, through the use of information-technology to increase the control over workers and impose an ever higher intensity of labor, through the imposition of overtime, tighter work rules, etc, through the massive transfer of industry (real domination) to countries with very low wages as a result of the low value of labor power in countries which have little else to offer (where the commodity labor power is thus overproduced and sold below value, while that value is also low, as its content, the means of subsistence, is defined by an environment of underdevelopment, a society which is, in part, pre-real domination). The increased potential to combine the high productivity and high rate of (relative) surplus value of real domination with this cheap labor power is a powerful counter-acting factor against the falling tendency of the general rate of profit. As during the post- World War Two expansion, the horizontal dynamic of capitalism was restored to some extent which increased the metabolism of real domination with pre-real domination production, and the surplus profit this yielded for the former. This mildly horizontalizing trend will almost surely continue but it does not open a vast new field of expansion for capitalism.

It rather affects a shift in the international division of labor, at the expense of workers in the most developed countries; an increased international competition on the labor market, which inevitably exerts a downward pressure on wages. Millions of industrial and now also service jobs have already moved south and east and millions will surely follow. But the global capitalist market remains saturated, so this transfer of industry spreads overcapacity, which is nowhere greater today than in China, the main beneficiary of foreign investment today. Meanwhile, the increasing costs, because of the pressure of new technology, of capital transferred into new commodities, pulls the rate of profit further down. Still, the technological innovations create, as preceding phases of great technological change did, many opportunities for monopoly-profits and for the growth of fictitious capital. But that is where capitalism's vulnerability is now the greatest. The first factor favoring global expansion, what I called 'the clearing of the decks', has not been active in the phase of 'globalization'. It's true that war is on the rise and that trillions have been wiped out in stock and other markets and through devaluations, but that has not prevented the bubble of abstract value laying claim on future profits from growing. Meanwhile, in the economy that must feed the bubble, globalization also increased global overcapacity and the tendency to valueless production. The pressure for massive devalorization is building again.

Sander

NOTES

- (1) All quotes of Marx in this text are from Capital, vol.1, Penguin edition, unless otherwise noted.
- (2) "I call that surplus value which is produced by the lengthening of the working day, *absolute surplus value*. In contrast to this, I call that surplus value which arises from the curtailment of the necessary labor time (..) (enabling the capitalist to replace the value of a day's labor-power by a smaller part of the value of a day's product -p.530) *relative surplus value*" (p.432).
- (3) Productivity-raising, labor-saving technology is not necessarily symptomatic of real domination, or the transition to it. Such technological development existed throughout human history, thus long before capitalism even, not to mention real domination. What characterizes real domination is not technological development per se but the development of technology that reverses the relation worker-tool, that places the machine at the center and makes the worker its appendage and thereby permits the deep penetration of the law of value in the labor process. Marx gives an example of technological development in manufacture in Cap., vol 1, p.460: "In Birmingham alone 500 varieties of hammers are produced, and not only is each one adapted to a particular process, but several varieties often serve exclusively for the different operations in the same process. The manufacturing period simplifies, improves and multiplies the implements of labour by adapting them to exclusive and special functions

of each kind of worker." It's true that he goes on saying, "it thus creates at the same time one of the material conditions for the existence of machinery, which consists of a combination of simple instruments", but it is not yet machinery, while it's undeniably technological development, and technological development that facilitates a more continuous, more intense labor process, and raises productivity, thereby cheapening the commodities made with them, while not yet reversing the relation worker-technology. We can ask ourselves: why did Marx take the trouble to develop the concepts of formal and real subsumption of labor? He had already described the historical process in Cap vol 1 without using them, so they are not really necessary as purely descriptive tools. I think he felt the need for this conceptualization because he realized that there were really two different modes of production, both under the nomenclature of capitalism, and that they had different implications, more than he probably even imagined, and that is what we are still trying to spell out.

(4) See what we wrote in "The formal and real domination of capital and the unions" in Internationalist Perspective #41, p 12: "That what Marx designated as the transition from the formal to the real subsumption of labor to capital (or the transition from the formal to the real domination of capital) was only at its very inception in historical actuality in the mid-nineteenth century – however prescient was Marx's theorization of that phenomenon – is clear to economic historians (bourgeois or Marxist). A few citations should suffice. Thus, according to A.E. Musson: "Even as late as 1870 about half the total steam horsepower in manufacturing was in textiles In many trades power-driven mechanization had as yet made comparatively little impact. The great majority of industrial workers in 1851 and perhaps in 1871 were not in large-scale factory industry but were still craftsmen in small workshops. The massive application of steam power did not occur until after 1870." (Musson, "Technological Change and manpower," History 67, p.240) R. Cameron, in his Economic History of the World, points out that "Agriculture was still the largest employer of labour until as late as 1921, with domestic service second. The textile industries accounted [in 1851] for less than 8 percent of the labor force. Blacksmiths outnumbered workers in the primary iron industry; shoemakers were more numerous than coalminers." (p.226) Here both Musson and Cameron are speaking of England, by far the most industrialized country in the nineteenth century. Beyond England, with its transition to mechanization, at least in the textile industry, in the mid-nineteenth century, the methods and tools of production did not yet fundamentally differ from those that shaped the pre-capitalist workshop, and the transition to the real subsumption of labor to capital had scarcely begun. Thus, as Cameron shows, in France, to take but one case, "as late as the Second Empire [1850's] handicrafts, artisan and domestic industry accounted for three quarters or more of total 'industrial' production." (p.238) And most laborers did not then work in capitalist industry. Indeed, at

the outbreak of World War I, peasants still composed the largest segment of the working population in every country of the world, and a near majority in all the developed countries, except for England and Belgium. For Ernest Mandel: "When Volume I of Capital was first published, capitalist industry, though predominant in a few Western European countries, still appeared as an isolated island encircled by a sea of independent farmers and handicraftsmen which covered the whole world, including the greater part of Europe." ("Introduction" to Capital, Volume I, Penguin Books, p.11) Even after World War Two much of the world economy was still outside the purview of the real domination of capital: e.g. in 1950, over 20% of the active population in most Western European countries were still independent peasant producers (36 % in France, 24,7 in Germany); in Japan the figure was 46,7%, in Eastern Europe over 50%.

(5) Marx, Capital, Vol 3, p.240 (International Publishers edition)

(6) In the (until 1933) unpublished chapter of Capital, Volume 1, in which he develops the concepts of formal and real subsumption, Marx writes on "the crucial importance of relative surplus value" that "surplus value is created for him (the capitalist) as soon as the individual value of his product falls below its social value and can be sold at a price above its individual value." (p.1023) It's true that he is careful to write: 'for him', so he's not claiming that the mere decline in value of the product creates surplus value for capital as a whole, but in this formulation, the essential distinction between surplus

value extracted in the production process and surplus value obtained on the market through competitive advantage, is lost. This potential source of confusion springs from Marx's working method. As Ernest Mandel writes in the introduction of the Penguin-edition of Capital, "Marx abstracts from the problem of redistribution of surplus value among competing capitalists in Volume 1 in order to isolate and demonstrate the laws of capitalist commodity production in their 'purest' most fundamental way." (p.31) . In Volume 1 all commodities are assumed to be exchanged at their value, not because they are in reality but because Marx needed to explain the underlying fundamentals before dealing with the complications. The chapter on formal and real was conceived as part of Volume 1, therefore the same simplifying abstractions are assumed. The reason why he eventually decided not to include the chapter is not known. But it is possible that Marx saw a problem in the fact that in Volume 1 capitalist production is generally explained from the vantage point of the single capital, while formal and real domination are in fact analyses of capital as a whole, the subject of the Third Volume of Capital. He might have included it there but of course he never got that far; it was Engels who organized Volume 3 out of Marx' notes and decided what to include and what not.

7) See especially part 3, in Internationalist Perspective #32-33, and part 5, in IP #37.

(8) Capital, vol.3, p.266.

Remembering Frank Girard

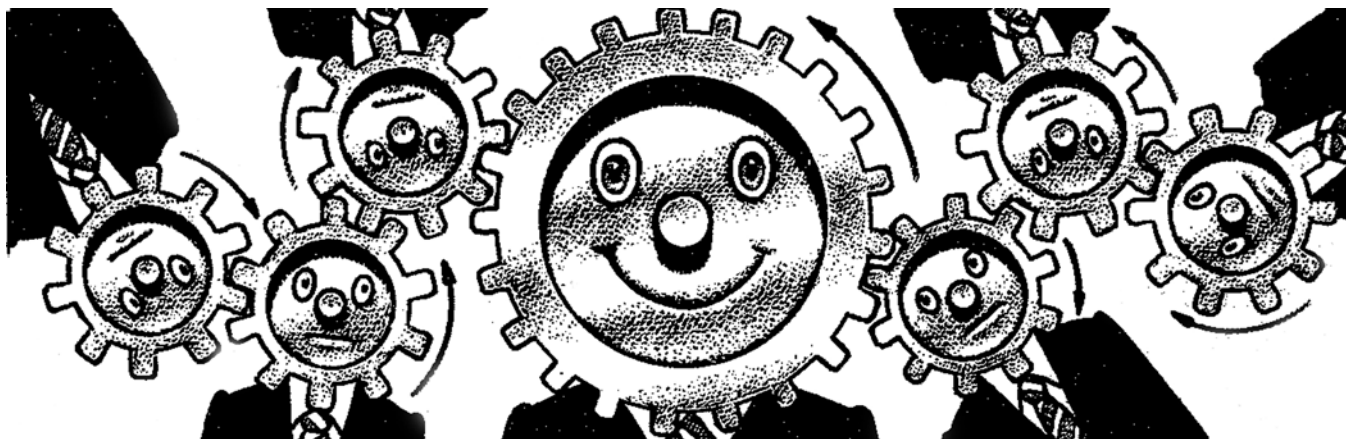
The workers' movement lost an important figure on February 20, 2004, when Frank Girard, the publisher of the independent socialist bi-monthly the *Discussion Bulletin* (DB) passed away aged 77. Frank had stopped publication of the (DB) in July of 2003 citing his age and the increasing importance of the internet, which he felt made publications like the Discussion Bulletin less relevant, but he planned continued involvement in the socialist movement.

Frank was a machine operator and later a high school teacher, but more importantly, he was a member of the Socialist Labor Party, the followers of American socialist leader Daniel De Leon, from the 1940s on. In the early 1980s, he was expelled from the party along with much of the Grand Rapids section (in 1991 he published a short history of the party along with another former Socialist Labor Party member Ben Perry), and in 1983, Frank began to publish the *Discussion Bulletin*.

Aside being a model of regularity for socialist publications (the *Discussion Bulletin* appeared every two months like clockwork for twenty years), Frank had two other strengths to commend him. He was genuinely committed to discussion and debate in what he called the non-market socialist sector, in which he included De Leonists, World Socialists, council and left communists, and class struggle anarchists amongst others. Throughout its existence the *Discussion Bulletin* featured, unedited, contributions from all of the above sectors. And although he never completely broke with the De Leonist politics, which had played such an important role in his life, Frank was also prepared to learn from discussion, and admit when he was wrong. Frank was a non-sectarian in the best sense of the word.

The cessation of publication by the Discussion Bulletin left a hole. Frank's passing leaves a larger one.

Neil F. /Red & Black Notes
February 28, 2004



Real Domination And Consciousness

In this article I want to focus on how the transition from the formal to the real domination of capital – particularly over the past several decades – has resulted in significant changes in the composition of the working class, its ideology and modes of subjectivation, as well as raise certain issues concerning consciousness and the perspectives for capitalism in an epoch of social retrogression.

The end of the Fordist period of capitalist industrial production, with its “mass worker” concentrated in huge factory complexes such as FIAT Mirafiori, and the shift to the post-Fordist automated factory, as a culminating point in the acceleration of the tendency for the organic composition of capital to rise, has reshaped the class landscape of capitalism. The centuries old process by which rural laborers were transformed into industrial workers has reached its end-point in post-Fordist production. Post-Fordism has also entailed both a continuation and acceleration of a recomposition of the working class in which labor power is increasingly shifted from the manufacturing to the service sector, and in which the traditional Marxist distinction between productive and unproductive labor has been transformed.

The global tendency for a shift of labor away from the countryside and agriculture to the cities (urbanization) has accelerated in the past several decades, and spread from the traditional industrial centers (Western Europe and North America) to become a global phenomenon. Whereas this mass migration from the countryside to the cities had previously entailed a shift of a largely peasant population to industrial wage labor, in the present era this shift has assumed two distinct forms. The first is the continuation of the movement of rural labor into the factories, a process that now encompasses Eastern Europe, Asia, Latin America, and even Africa; the transformation of the peasant into an industrial wage-worker, a proletarian. However, to this stream must be added another stream, potentially even larger: the movement of masses of rural laborers from the now depopulated countryside, under the impact of a global market in foodstuffs in which all the

advantages lie with agro-business, into the shanty-towns around, and slums in, the burgeoning urban agglomerations. This second stream of rural migrants is condemned to chronic unemployment (or at best under-employment) inasmuch as its migration coincides with a dramatic *decrease* in the demand for unskilled wage labor in increasingly automated factories. Despite the increase in industrial output, manufacturing jobs, even in the Third World to which industrial capital is drawn by the allure of cheap labor, cannot increase as fast as the flood of rural migrants to the cities. Hence, the rapid growth of a population the labor-power of which capital has no need, despite the fact that it is abundantly available for exploitation in large numbers and at low wages.

To the shift of labor-power from manufacturing to service jobs in post-Fordist production must also be added a new phenomenon, one that corresponds to the chronic unemployment of rural migrants to the world’s urban complexes: the creation of a mass of chronically unemployed industrial workers who can find no jobs to replace those lost as a result of automation or the displacement of factories to low-wage countries (or, at any rate, no jobs providing a comparable standard of living). To this mass of permanently unemployed manufacturing workers, for whose labor-power post-Fordist capital has no use, can now be added a new stream of service workers whose jobs are being increasingly automated or “exported” as well.

Thus, even as production increases, capital can provide no jobs for an ever-growing part of the world’s population. Moreover, this is not simply the phenomenon of an industrial reserve army that serves to hold down wages. This is a human mass that has become an insuperable *burden* to capital; a mass that cannot consume, cannot *realize* the surplus-value contained in the plethora of commodities that are produced, even as it must be both maintained and controlled until or unless capital can *dispose* of it.

The changes in class composition just discussed are also integrally linked to changes in the ideologies and the mode

of subjectivation of the working class. Ideology should not be conceived – as it too often has been in “orthodox” Marxism – as illusion or mere mystification, a trick of the ruling class to impose its will on the exploited classes. Rather, ideology is the complex of ideas, beliefs, and representations of the world, which shape the minds and *behavior* of individuals and social classes. In that sense, ideology, as an imaginary relation to actual social relations, is inseparable from human action or *praxis*, and thus cannot be separated from the *material* existence of human beings. Ideology, then, presupposes a human subject who is not the a-historical subject of metaphysics, pre-given in terms of desires, needs, and goals, but the *historical* product of a determinate set of social relations of production, political relations of power and domination, and culture and ideology. The specific *form* in which the human subject has been constituted, its modes of subjectivation, are as historically variable as the social relations of production themselves.

With the formal domination of capital, the law of value does not yet directly provide the bases for the subjectivation of the worker. Instead, capital simply takes the worker as he has been subjectivated in the pre-capitalist world, and merely adds the discipline of the factory, the foreman, and the bourgeois to the human subject as it has historically found him. The transition to the real domination of capital entails new modes of subjectivation in which the law of value and its quantification of all social relations are directly implicated. Not the pre-capitalist ideologies of crown and pulpit, or even the specifically proletarian ideologies (themselves linked to the pre-capitalist ideologies of artisan and *citoyen*), but specifically capitalist ideologies now shape the worker’s representations of the world. In the twentieth century, with the rise of Fordism and the epoch of permanent war, two modes of subjectivation bound the worker to capital, and have constituted formidable barriers to revolutionary modes of subjectification.¹

First, subjectivation as a *consumer*; seemingly an extension of the individualism of the bourgeois, this mode of subjectivation itself is the antithesis of individualism, and indeed presupposes a social process of *massification* in which the person craves the belonging born of endless consumption -- the perfect counterpoint to Fordism which is based on production for a consumer market. Second, subjectivation through *racial, ethnic, or religious identity*;

¹ I want to distinguish the ways in which a person or class is historically produced as subject to a set of rules, norms of behavior, mode of being, ideology (*subjectivation*) from the historical possibility that a person or a class can autonomously shape its own mode of being, freely create its own culture (*subjectification*). This latter, dependent on determinate historical conditions, is a *potential* of human existence, that capitalism, and especially the real domination of capital, blocks. Its realization, then, is contingent upon the revolutionary overthrow of a mode of production based on the capitalist law of value.

the formation of a nationalist and xenophobic *mass* through which a substitute gratification for the genuine longing for community felt by the multitude of the population (including the working class) can be channeled into a hatred of the *Other* and loyalty to one’s “own” nation or people (and ruling class). With the growth of a permanent mass of the unemployed in an era of automated production processes, subjectivation as a consumer becomes a threat to a capitalist system that withholds the *goods* of the consumer society from an ever-greater mass of the population. The likelihood, then, is that capital will increasingly turn to *nationalism* and xenophobia as a basis for the subjectivation of the mass of the population, and to *racist* ideologies. This means that capitalist war will increasingly assume the form of *race war*, a tendency that already became pronounced over the course of the twentieth century, and now threatens to become the veritable hallmark of capitalism in the twenty-first.

Racist ideologies, and race war, should not be construed simply in terms of *biological* racism, the form it took, for example, in Nazi Germany, or on a smaller scale in the Pacific war waged by the US against Japan in which biological racism was rampant. Any cut in the continuum of human life, any division based on purportedly *inherent* features or characteristics, national, religious, class, gender, or life-style, may provide the ideological justification for the extermination of a determinate social group. In an epoch where subjectivation is increasingly based on inherent group identities, on *race*, the wars spawned by the competitive nature of the capitalist mode of production, the life and death struggles of competing capital entities, will increasingly manifest itself as race war.

The infernal “logic” of the capitalist law of value has -- with its phase of real domination -- now turned variable capital, living labor, into a residual element in the production of commodities and the accumulation process. It has thus brought about a disconnect between the creation of real wealth and the operation of the law of value, with its irreducible basis in the extraction of surplus-value from living labor. It has also, thereby, condemned an ever-increasing portion of the world’s population to chronic unemployment in a world system where the very right to consume, and to survive, is conditioned on the payment of a wage in exchange for the provision of one’s labor power. In short, it has condemned an exponentially growing mass of the world’s population to a condition of *penury*, even as the prospect of real wealth for the multitude of humanity (a human *Gemeinwesen*) has become an objective-real possibility on the front of history -- provided that humankind’s enslavement to the operation of the law of value can be overturned.

How can capital seek to “manage” this problem that its own laws of motion have created? One possibility is to those strata of the working class still employed. A second possibility is systematic *repression* of the mass of the unemployed (and under the new conditions of capitalist



production, unemployable): resettlement in ghettos, prisons, martial law, terror, etc. Such a course of action – the beginnings of which can already be seen -- risks a permanent state of civil war and constant social upheavals. A third possibility is the *extermination* of masses of the surplus population, and the mobilization of one's "own" population on the basis of nationalism in a series of devastating race wars. It is the specter of such an orgy of nationalism and race war that looms on the horizon today, and against which revolutionaries need to prepare.

Against such a grim perspective, only the development of the *consciousness* of the working class can provide a revolutionary alternative. Yet it is precisely on the question of consciousness that Marxism, even the Marxism of the communist left, seems woefully deficient. Economic determinism, the concept of base/superstructure, in which the superstructure is *determined* by the base, is present even in Marx (though not as the dominant tendency). It then comes to prevail in the Marxism of the Second International, and shapes the vision of the Third International as well as that of the communist left. With respect to the question of consciousness, that vision is replicated in the relationship between interests and ideas in "orthodox" Marxism, with interests, understood simply as economic interests (almost a parody of Benthamite utilitarianism, with its vision of human behavior determined by a crude calculus of pleasure and pain) determining the ideas of social classes; in short, with consciousness as a mere *reflection* of economic interests. The problem, as the history of the working class in the twentieth century has amply demonstrated, is that at critical junctures (the two World Wars, the great depression, Stalinism, fascism, national liberation) the working class does not act on the basis of a rational construction of its economic interests. Had that been the case, capitalism would long ago have been overturned, for its continued existence has for most of the last century been a history of social retrogression, to which the interests of the working class have been sacrificed. The fact that the working class could be mobilized by capital

against its own interests, demonstrates that consciousness is not reducible to economic interest alone.

Nor can such claims be sustained simply by recourse to the concept of "false consciousness" to explain the behavior of the working class when it fails to act in its own interests. The relationship between interests and ideas is a dialectical one, in which at critical junctures the ideas or consciousness of social classes have a considerable degree of autonomy from economic interests, and can even be determinate. Indeed, beyond the failure of too many Marxists to grasp this point (and its enormous implications), revolutionaries have for too long pitched their intervention *exclusively* to a rational construction of the economic interests of the working class, and failed to grasp the complex of factors that motivates the class. If revolutionaries are to have an impact on the working class, their intervention must also focus on the historical *memory* of the working class, the memories of its class struggles against capital, and beyond that the memories of the struggles of all the exploited classes against the miserable conditions of existence to which the ruling classes have historically condemned them. That historical memory, and the dreams of a better world, of community and a human *Gemeinwesen*, must be activated, must become vital elements in the struggle to overturn the conditions of existence of decadent capitalism. They are potentially vital elements in the class struggles to come, and their dismissal by generations of revolutionaries has left this rich field of historical memory to be distorted and utilized by the forces of capitalist reaction. Indeed, capital has been far more adept at this than revolutionaries, for whom the domain of historical memory has been largely equated with the domain of the irrational.

There is certainly a feudal/bourgeois, a reactionary, dimension to historical memory, and it is the task of Marxists to unmask it. But there is also a still undiscovered, a living, cultural surplus that Marxism is heir to, and that has a potentially significant role to play in the revolutionary movement. Revolutionaries themselves

have an important role to play in forging a link between that cultural surplus and the class struggle; a role no less important than the elucidation of the immanent tendencies of value production and its historical trajectory, as a contribution to the class struggle. The activation of such historical memories, of this cultural surplus, is but one factor in the process of revolutionary subjectification that is integral to the creation of a human *Gemeinwesen*. It is however, a dimension of revolutionary struggle that Marxists have largely ignored, and to which I believe

revolutionaries must begin to pay attention if they are to contribute to the struggle for revolution. This whole complex of issues, linked to the phenomenon of class recomposition in the present phase of capital's real domination, should be a stimulus to a collective discussion within the revolutionary milieu.

Mac Intosh

Perspectives On The International Situation

THE US IS BOTH STRONGER AND WEAKER THAN IT LOOKS

In this text, I want to briefly – very briefly, and only for the purpose of stimulating a discussion -- address three points. First, I want to make a brief evaluation of the impact of globalization, neo-liberalism, and the disintegration of the Russian bloc, on the world economy over the past twenty years. Second, I want to consider the possibility that the vast overhang of fictitious capital and the massive debt of the US, together with its dependence on fresh, continuing, and mounting, infusions of capital, may result in a conscious *decision* or series of decisions by foreign lenders to “pull the plug” and cut off the flow of dollars to the US. Third, I want to consider the results of such a possible “decision” and its impact on the world economy and the hegemony of American capital.

The twentieth century witnessed the consolidation and global hegemony of the Anglo-American world market,² first with its center in London and increasingly after World War One with its centers in New York and Washington. Quite apart from the tensions between Britain and the US as power shifted from one to the other, the twentieth century saw three challenges to the global domination of the Anglo-American world market: The German challenge in World War One, the challenge of Nazi Germany and

Japan in World War Two, and the Challenge of Stalinist Russia after 1945. Each of these inter-imperialist conflicts, hot or cold, led to the consolidation of Anglo-American hegemony – however tenuous or short-lived it may prove to be (either through a challenge posed to capitalism as a civilization by the “collective laborer” (*Gesamtarbeiter*) or by new imperialist rivals seeking the destruction of the hegemony of the Anglo-American world market). The “globalization” of the economy, and the policies of neo-liberalism over the past twenty years are hallmarks of the (provisional) triumph of Anglo-American hegemony. The end of the import substitution regimes in Latin America, NAFTA and its probable expansion, the institutions of the European Union, through which both monetary and fiscal policy has been significantly transferred from the nation-state to supra-national bodies, thereby incorporating national markets into the global market presided over by Anglo-American capital and its institutional structures (IMF, WTO, etc.), the opening of previously closed Asian markets to the commodities, investments, and capital linked to the Anglo-American world market (the fruit of the Asian financial crisis of the late '90's) and the incorporation of China in the WTO, and finally the incorporation of the ex-“Soviet Union” within the structures of globalization, all constitute the visible signs of the consolidation and hegemony of the Anglo-American world market. These developments constitute the other side of the coin of the emergence of the US as the world's sole super-power, as the military behemoth that sits astride the globe today.

That said it seems to me that this hegemony of the Anglo-American world market will face new challenges. Capitalism is inherently a competitive system, in which a clash of rival capitals is inevitable. Hilferding's vision of a single world cartel and Kautsky's vision of ultra-imperialism, seemingly achieved at the present time in the

² I speak of an *Anglo-American* world market, because Britain acts as the junior partner of the US, in its model of capitalism, in its financial policies, and in its project of global hegemony – and this quite apart from which political party or faction of the capitalist class is in power at any given time. The shift in power from Britain to the US over the course of the twentieth century was not without its tensions and conflicts. However, despite Trotsky's prediction in the 1920's that war between Britain and America was inevitable (see *Wither England?*) this shift in power between the world's two dominant capitals was accomplished “peacefully.”

form of America's global hegemony, lacks stability. The shocks of economic or financial crisis, inevitable in a system subject to the capitalist law of value, will create fissures and conflicts within the global economic and political system, inevitably generating new conflicts between its components, its constitutive capital entities. The speed with which such conflicts arise will depend on the timing and extent of the economic and financial crises themselves. The outlines of such new conflicts are, however, already clear. Tensions between the US and a Europe dominated by Germany and France, and linked to Russia, presage one fault-line in the world market assiduously constructed by Washington and London over the course of the twentieth century. A second such fault-line can be seen in the tensions between the US and China in East Asia. A thorough analysis of such potential conflicts, and the enormous power that the US has both in Europe and the Far East to counteract any such challenges to its hegemony, lies beyond the scope of the present text, and can only be briefly touched on here.

The Anglo-American world market as presently constituted rests on a massive build-up of fictitious capital, huge and growing trade and balance of payments deficits for the US (which on its own makes it the "locomotive" of the world economy), an enormous and mounting structure of debt (consumer, corporate, and governmental), and a seemingly unsustainable and yet necessary transfer of capital from the rest of the world to the US on a virtually daily basis that alone permits the financial system – and thereby world trade -- to function. In short, the world economy based on the hegemony of the Anglo-American world market is like a house of cards, sustained only by the strength of the dollar as the world's reserve currency and the willingness of global financial markets and government policies in dozens of (creditor) countries to keep the system afloat. Either the conscious decisions of creditors or the shock of a financial crisis could lead to the collapse of that house of cards, and the financial bases that underpin the Anglo-American world market, whose final consolidation is not even a decade old. How likely is such an outcome? How probable is such a challenge to American global economic hegemony?

Inasmuch as it is virtually impossible to predict a financial crisis, and inasmuch as its contours depend in large part on the responses of governments and financial institutions, I want to focus here only on the prospects for conscious decisions to pose a challenge to American hegemony and the role of the dollar. It is not difficult to understand why the capitalist class in Europe, Japan, the oil producing states of the Middle East, the Asian "tigers" and even China, would resent the organization of the world market that compels them to underwrite the American trade and payments deficit, and to provide fresh infusions of capital to a US already burdened with a mountain of debt that can either never be repaid, or only repaid in continuously devalued dollars. The Anglo-American world market rests on a constant transfer of capital from the rest of the capitalist world to a hegemonic US; on a capitalist world held ransom to New York/Washington (and its junior

partner in London). Yet, the obstacles to any decision(s) to pull the plug, to seek to replace the dollar with a new reserve currency (or currencies), to let the house of cards (and the mountain of fictitious capital) collapse, are formidable.



Even putting aside the military hegemony of the US (no small matter), the financial/trade reasons that make any decision to dismantle the Anglo-American world market unlikely over the short term seem overwhelming. Such a course would put at risk the very financial stability of America's creditors even more than that of the US itself, inasmuch as it would raise the specter of the destruction of trillions of dollars of capital values. Without the continuous transfer of capital to the US, the global financial system would collapse, and the harm to Washington's creditors would likely be greater than the harm to American capital itself, inasmuch as they would be left with little more than a pile of worthless paper. Moreover, world trade on its present gigantic scale is only possible because the American market provides a necessary outlet for the plethora of commodities produced in the rest of the world; without the American market the accumulation process would come to a screeching halt, condemning world capital to a catastrophic crisis, the impact of which would be far greater in Japan, Europe, and Saudi Arabia, than even in the US. It is difficult to envision a scenario where the European Central Bank, the Bank of Japan and the MITI, or the Saudi royal family, for example, would cease to grease the wheels of world trade and risk dismantling the Anglo-American world market to which their own fate is tied. Moreover, it is – for the moment – difficult to see how those factions of the ruling class in Europe and Japan that are prepared to challenge American hegemony (on the extreme right and left) could come to power and translate their ideologies into practice. At the present time, despite growing tensions, the dominant factions of the ruling class in all these countries are unwilling to mount a serious challenge to the hegemony of the Anglo-American world market, and when push comes to shove still bow to the *Diktat* of Washington. Only a devastating financial crisis beyond the capacity of the capitalist class to control would seem to create the pre-conditions within which those factions of capital prepared to fundamentally challenge American hegemony could come to power. But even in such an

eventuality, surely a distinct possibility in a world shaped by the operation of the capitalist law of value, would the dominance of American capital, its power relative to that of potential rivals, be significantly undermined?

Let us assume such a hypothetical disruption of the Anglo-American world market. In the shakeout that resulted, would the US lose its pre-eminent geo-political and economic position? The US and Britain are the only two countries in the world that have a global military reach. Indeed, American military supremacy is today unchallenged, and that would give it a decided advantage in the reconstitution of trading blocs, in the control of vital sources of raw materials and markets. Without American military power, or even more, against it, how could Europe or East Asia now secure the oil that its economies desperately need? Much of Europe, especially Central and Eastern Europe, fears and hates Germany and Russia to such a degree that it would be a faithful Trojan horse within Europe for the US. The same can be said for Japan and the Asian "Tigers" for whom a powerful China is much more of a threat than a distant and relatively "benign" US. Such fissures within the geo-political spheres from which new, anti-American trading and imperialist blocs, would have to be fashioned, constitute a significant advantage for the US. By contrast, neither Europe nor Japan or China are now in a comparable position to take real advantage of existing tensions between Latin America, Australia, Canada, and the US. Moreover, if Europe or Japan were to try to compete with the US militarily, not only would it take decades to mount a serious challenge, but it would entail such a diversion of resources from the productive sectors of the economy as to risk undercutting the very economic bases of their competitiveness, and such a reduction of the "social wage," that is a significant component of the standard of living of the working class, as to seriously undercut the social stability upon which capitalist class rule depends. In the case of China, a serious challenge to American supremacy in East Asia and the Pacific is decades away, and at the present time depends on China's ability to be an integral part of the Anglo-American world market at least until the economic bases for an independent imperialist policy have been secured. That will take many years, and means that for the foreseeable future China's stake in the stability of the Anglo-American world market, on which its own economic development now depends, is far greater than any stake in dismantling it. That could change, especially if integration in the world market threatens the political hegemony of the Stalinist party in favor of newly emerging corporate interests, but for now, the Chinese ruling class would lose more than it gained from a serious challenge to American hegemony.

Indeed, were the disruption of the very bases of the Anglo-American world market to occur, the re-constitution of economic/financial/military blocs that would follow – assuming that a revolutionary crisis did not intervene – would see an American bloc dominating the whole Western hemisphere, Australia and the Pacific, probably

the British isles and even parts of Europe, and large parts of the raw material rich African continent, and even the Middle East, emerge. Such a bloc would be stronger than any of its rivals, thereby assuring that, even in a world sundered by new bloody conflicts, American imperialism would still be the dominant player.

It is not a prospect that provides any particular comfort to Marxist revolutionaries, for whom it is not the rise of new imperialist rivals to challenge America, but the development of class consciousness on the part of the *Gesamtarbeiter* (the collective worker), that provides the sole alternative to the future of barbarism to which the continued existence of capitalism condemns the human species.

Mac Intosh

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effects, for its struggle to really take on a *political, transformative, and emancipatory* dimension, it is necessary for the class to articulate its political activity in a more conscious way, and, therefore, to extricate itself from the stranglehold of capitalist thinking.

With respect to this notion of participation in reflection, and its elaboration within the class, we find ourselves in a different time than the one in which we often found ourselves with our past conceptions: we had a gradualist vision of waves of struggle and levels of consciousness producing revolution after 15 or 20 years of economic crisis. Now, on the contrary, we must have a vision of a slow process of social transformation within an historical temporality. As a function of that temporality, and also because of the conflictual, contradictory, dialectical, character of that process we cannot *count* on anything from the working class. What we can hope for, and what we must contribute to, is that the process of the development of consciousness continue in the direction of a radical questioning of the perspectives for capitalism, a perception of the ineradicable contradiction between the survival of capitalism and the life of humanity. But, I don't believe that we can codify or determine in advance precisely what that global process will look like or the exact manner in which it will unfold on the historical stage. Moreover, this double temporality re-surfaces in the gap between the action of the class struggle itself and the reflection of that struggle within the revolutionary organization: on the one hand, the immediate stakes of a given struggle and the need for a positive outcome; on the other hand, the need for a continuity in theoretical reflection and looking beyond the stakes of the immediate struggle. It is in that continuity and that staggered time-frame that a link is forged between the particular and the historical interest, and that the interaction between the class and its revolutionary minorities is firmly constituted.

Rose

REFLECTIONS ON ORGANISATION

OUR PRACTICE MUST REFLECT OUR GOAL

The essential feature of the activity of IP is the task of theoretical deepening: that is to say, responding to the different issues posed by the present period in light of the inadequacy of the old theoretical tools which we have inherited. Among these issues is the political *organization*, its role in the class struggle, and its structure and way of functioning. It is around this complex of issues that this text is focused. It has two objectives:

- On the one hand, the mistakes of the past and the errors of most political groups have never been the object of a detailed theoretical examination. Thus, in forming IP, we sought to avoid the traps into which the ICC had fallen, but ended up by seeing the problems in formal terms, and, therefore, without understanding the political roots of its errors.

- On the other hand, while the world and our class face crucial problems, IP and most of the groups that compose the “revolutionary political milieu” confront such difficulties that it is often difficult to fulfill their tasks and to rise to the level required by the nature of the current period.

It is therefore necessary to renew our theoretical efforts by posing the question of the organization as a political and not a formal question. The Revolutionary Organization as the Vital Crucible for Collective Work

The revolutionary organization is born from the heterogeneity of class consciousness, and that of the working class itself. It is a part that detaches itself from that heterogeneity in order to assume a particular role: that of mediating between past and future, between theory and practice. While class consciousness develops in an uneven fashion, with advances and retreats, the revolutionary political organization represents a *continuity* in the link between the final goal and a particular historical moment. What is specific to it is its modified relation to that link: very often, the consciousness of the bourgeoisie or individual consciousness, psychological consciousness, as Lukács terms it, only functions after the fact; what is needed, for its clarification, is the occurrence of a concrete action. In the revolutionary organization, by contrast, the dialectical link between theory and praxis is such that this theory makes it possible to consciously bring about an action. The revolutionary organization, therefore, has the particular function of showing as clearly as possible the



link between the concrete historical moment and the final goal, between the specific action and an action carried out in the interest of the whole of the working class. As a result, the action and its theoretical foundation deepens the process of clarification in which the organization is engaged, and that fluidity is reflected in the very *form* that the organization assumes. Today, we experience in a particularly telling way the importance of that function of the revolutionary organization, inasmuch as the working class perceives in an uneven way that capitalism has nothing to offer; that its prospects for employment, and its very future are at risk. The question of the link between that perception and the action that needs to flow from it (the question of the general perspective), the link between the daily struggles of resistance and conscious *political* action, as well as the need for the working class to see itself as a distinct social class and the vehicle for a social transformation, are all at the heart of the present need for revolutionary organizations to function as a tool for theoretical clarification.

It is through the evolution of capitalist society and the ever-growing gap between the generic being and the social being of the exploited class, that the necessity to resist that development arises. That is what generates its struggle and what can produce a repudiation of the global conditions of capitalist society. But, we also know that there is nothing mechanical or ineluctable in all that, and that it is the political consciousness of the proletariat that will alone make it possible to develop that struggle against the totality of the system, to pass from the struggle against the effects of capitalism to the struggle against its causes. Today, what is lacking in the class is an understanding of *why* things happen the way they do in capitalist society, and what other perspective is possible. That, and how to bring about a social transformation and what social force can do it. These are the issues that are at the heart of our theoretical preoccupations and which are also at the heart of the function of clarification that is the task of a political group. By affirming that, we can, then, already distinguish ourselves from the definition that – explicit or not – a number of political groups give as their function: we do

not exist to provide the slogans or to direct the action of the proletariat for an already defined objective. Rather, our function is essentially to seek to grasp the meaning, to clarify, to forge links between the different moments in the activity of our class.



Collective Work

The organizations of the bourgeoisie reproduce the mode of functioning of bourgeois thinking: its members act in a more or less limited way, deferring to a leader, avoiding responsibility, waiting for the “other” to act in their place. There are rights and duties. By contrast, the revolutionary organization can only exist thanks to the wholehearted engagement of each member, fully involved in the daily activities, which assumes a *collective* form. That wholehearted engagement means that there exists neither rights nor duties, but rather the coherent will of a group in the service of a common task, one voluntarily decided upon by each member. Social relations in capitalist society render the human being unsatisfied; he is isolated and reified by social relations, his only “freedom” residing in private property and egoism. In such a framework, the individual then seeks false satisfactions: power, awards. In short, it is a “freedom” that alienates one all the more, and a “solidarity” that is only a social regulator aimed at containing the violence engendered by capitalist society.

In the free activity and solidarity of the totality of the comrades of a revolutionary organization, what happens is not that one marches in lockstep towards a pre-determined goal, but rather the ongoing construction of a process each moment of which involves the members in the building of a new society. Nothing is foreordained; everything is open and the outcome of the historical perspective (barbarism or revolution) first of all depends on the political consciousness of the proletariat and the role of clarification that its revolutionary minorities play in the general process of development of that consciousness. IP situates itself in a perspective that is neither shaped by economic determinism as the motor of social change, nor by a pure subjectivism, but instead by the interaction between objective and subjective elements in social reality. Too often, we have had a tendency to confusedly see the perspectives before us (historical course and revolution) through the lenses of the past and with rigid schemas. An economic crisis can produce barbarism and

war, and the very forms in which the destiny of humanity might be taken in hand by the proletariat will arise as a function of the actual political and economic context if a

revolutionary outcome is to prevail. That is why the ongoing activity of militants is so important: that function of grasping the meaning of what is happening in the world around us can only occur through a permanent effort of theoretical reflection within a revolutionary organization. Such an understanding distances us from pre-determined vision according to which all that is needed is to appropriate a political program, a theory elaborated in the past or analyses produced by all-knowing central organs whose conclusions would be transmitted to the “mass” of comrades of the organization to be reproduced in the press or in interventions.

One cannot raise the question of the activity of the revolutionary organization without raising the question of collective work. It’s the pivot around which political work in an organization takes place, it’s what gives it its very meaning, and it’s surely a crucial factor around which the difficulties in the functioning of many revolutionary groups, and IP in particular, revolve. Every comrade has the capability to generate interesting ideas and texts. Nevertheless, there is a qualitative difference between a work of *individual* reflection and the political work of a *group*, and that distinction is linked to one that pertains to class consciousness: there is a fundamental difference between individual consciousness (which at certain moments can be highly developed) and class consciousness – collective consciousness – which, alone, makes it possible to grasp the totality and to transform the world. Political work has no meaning if it is not inscribed within a collective dynamic, theoretico-practical activity between comrades and between activity directed to the class and reflection within the organization. If that collective dimension is lacking, there is merely an activity of individual research that risks the danger of falling into the kind of abstraction that characterizes bourgeois thought. Examples of that, alas, are not in short supply, and we have seen very politically capable comrades, with years of militant activity to their credit, stray into research having a largely abstract character. The isolation that characterizes bourgeois society, the reification of theory with its corollary, “private property in thought and writing,” means that all revolutionary organizations, whatever their degree of consciousness and resistance against the dominant ideology, must bear its weight, and IP has certainly not been spared that danger. We have long said, that while a given text must be written by a particular comrade (or comrades), if that text is not inscribed within a collective preoccupation and ongoing process of common development and discussion, it will at best result in a publication no different than what occurs with academic papers, and at worst add to the piles of paper that fill our libraries.

This misunderstanding concerning the vital function of collective work is all too prevalent in the political milieu, and especially in the “networks” where excellent texts written by individual comrades fail to stimulate the development of a common theoretical activity. What seems to characterize the networks is a kind of

“consumer” logic: we have created our own political marketplace, choosing the texts that catch our eye, with an attitude of relative passivity. I think that there is a link between these types of functioning and the political conceptions of the ICC. That organization, and, indeed, most of those constituted in the wake of ’68, were built on the basis of a past model: the vision of a mass party that would educate and organize the working class, born in the nineteenth century, was at the origin of the Leninist conception of class consciousness and of the function of the revolutionary organization. Such an organization would re-group gifted elements – in opposition to the unpolished masses – and its function was to provide clear slogans, to develop strategies to lead the class to the “correct” objectives and actions (inasmuch as the class is incapable of acting on its own), and to articulate a program to be assimilated, at first by its own militants, and then by the class as a whole. There is, then, a set relation between party and class, not one of dynamic interaction; there is a pre-determined program and an already set goal, as opposed to a vision of an interaction and a co-construction between the class and its revolutionary minorities, and of a political theory and perspectives developed out of that interaction. That alienated vision of the revolutionary organization produces alienated relations within it: one must work together for a single, pre-set, objective, and the notion of collectivity and freedom are the same as one finds in bourgeois society – collectivity becomes *collectivism*, that is to say, the effacement of the individual and his or her regimentation. Freedom, being assimilated to bourgeois individualism, is therefore discarded. One implication that follows from this, is that while differences of opinion may co-exist for a time, it is a given that divergent positions must give way to a *single* position in every instance. What became a caricature in the ICC probably originated in those conceptions inherited from the past.

For our part, we have tried not to fall into the same errors, but we have then placed ourselves on an almost exclusively formal level. Reacting to the stifling of individual positions, to rigidity in debate, to recourse to the quasi-disciplinary measures we had to endure in the ICC, we have had a tendency to privilege the freedom of comrades to write as a function of their individual interests. The fear of the stultifying centralization that we knew so well in the ICC often made us afraid to synthesize a debate or to conclude a discussion. If we point to such difficulties within IP, they are found throughout the revolutionary milieu and in the formation of the networks for discussion that have arisen as part of that same movement of formal opposition to the disastrous organizational practices of the ICC, without that putting into question the profound accomplishments and qualities of these networks.

Revolutionary Theory

There exists a fundamental difference between the theoretical activity of the bourgeoisie and revolutionary theoretical activity. Reification, fetishism of forms, and abstraction, for the former; a dialectical link between praxis and living theory for the latter. Revolutionary theoretical activity consists in developing the practical essence of theory on the basis of theory itself, and of the relation that it establishes with its object. In that respect, there is no separation between theory and practical activity, and it is also in that respect that the historical function of theory makes possible the practical course of the masses – and that, by bringing about the unity of theory and praxis. The essence of theory is the dialectical method. One does not speak of unilateral causality, but of reciprocal action. The rigidity of concepts is dissolved to the benefit of a constant and fluid passage from one determination into the other, from an overcoming of opposites. The dialectic has a threefold basis: it examines the relation of Subject to Object in the process of History. It is in that dynamic that revolutionary theory is first of all an agent of change, a vehicle of revolution, and cannot be conceived outside its practical implications, implications that flow in two directions: from theory towards the class, and from the questions posed by the class and by the actual world towards theoretical comprehension.

What makes revolutionary theory “right” or “wrong,” Lukács tells us in *History and Class Consciousness*, is not the proof of the facts, which confirm and establish the theory at issue. Things are much more complex, and what makes it possible to determine the correctness of a theory is precisely its capacity to no longer be merely a theory but a concrete clarification, a factor in making possible a choice of action. Correct theory is what gives meaning to the specificity of our daily life, in linking it to the course of history.

Theory is inseparable from its concrete embodiment; revolutionary theory makes it possible to grasp facts in their historical concreteness, that is to say, not to be the prisoner of facts such as they appear in a given context, but to grasp their internal form, their hidden form, their essence. The theoretical activity of the revolutionary organization makes it possible to find the mediations through which the facts can be connected to their essence, and, therefore, makes it possible to attain at one and the same time a vision of the totality while grasping the place of the different elements and their relation to that totality. To recast the characteristics of revolutionary theory in contrast to bourgeois theory may seem pointless. Obviously, we are not interested in theory as an end in itself. However, looked at more closely, we can ask if there is not a distinction between the theoretical understanding of something and the way in which we put it into practice. Within IP (though it is the same in other groups too), we often raise the question of the proper balance between “intervention” and “theoretical activity:” does the “period” demand more of one or the other. Today,

it seems to me, that if that question is not mistaken in itself, it nonetheless reflects a lack of clarity with respect to the meaning of the function of a revolutionary organization – a lack of clarity arising from the inability to grasp the integral link between theoretical activity and practice. In that lack of clarity, we have mixed up the *form* and the *content* of political activity. I think that the form of the organization and its activity undergo changes depending on its strength, opportunities for direct intervention, and the – eventually new – kinds of intervention that arise. That form must remain supple and fluid so as to permit the organization to adapt in the most open way to the reality of the moment. However, what does not change is the content of revolutionary activity. The goal of a revolutionary organization is *always* to comprehend the world in which it exists, the world that has given birth to it, and to trace the perspectives for the world to come; that, and presenting the fruits of that comprehension -- which is always in flux and developing – to the working class. The theoretical function of the organization is inseparable from its practical aspect, and there is never a situation in which the organization focuses exclusively on theory because the period does not permit intervention, or downplays theory because the period demands more intervention. If that dialectical link between theory and practice is lacking, the organization becomes either activist or sectarian. And in either case, it cannot fulfill the role that the class assigns to it: that of being an active element for clarification, making sense of the world and the ways to transform it. Even in the darkest periods, where circumstances force the revolutionary organization underground, revolutionaries must seek to communicate their understanding of the world to their class.

The Function of the Revolutionary Organization

It is crucial that the question of the function of the revolutionary organization not be separated from the points already established in this text:

- the basic characteristics of revolutionary theory (theoretico-practical);
- the activity of the revolutionary organization (in contrast to that of organizations of the bourgeoisie), which is based on the complete and free engagement of its members;
- that it have a supple and fluid structure, facilitating the mediation between the ambient social reality and the work of theoretical comprehension of that reality;
- that collective work is the condition for the development and dissemination of revolutionary thought.

All these elements must be the constant preoccupation of the members of a revolutionary organization, because we cannot forget the weight of the dominant ideology and the fact that it does not spare the revolutionary organization itself. Its only weapon, therefore, is its consciousness and vigilance, together with its honesty in putting its own theory and praxis in question, and living with the

discomfort that provokes. Thus, even if the period has changed, even if the recomposition of the working class makes the process through which a class-for-itself arises more difficult, we need to confront a mistaken understanding of the function of the revolutionary organization as opposed to a change in that function in the present period. The political milieu that was reconstituted after the wave of struggles in '68 has been dominated by a Leninist conception of class consciousness, of the working class itself, as well as by a vision of an already completed revolutionary theory that must simply be re-appropriated. With all that, came a mistaken conception of the function of the revolutionary organization. For many of the groups that arose, that conception was not so much consciously adopted as it was simply the fruit of models inherited from the past.

An element that needs to be at the center of our understanding of the relationship between the revolutionary organization and the class is the fact that, as a fraction secreted by the class in its heterogeneity, we are nonetheless a part of the class, and that our theoretico-practical work constitutes a process of permanent elaboration within and with the class. The function of revolutionary minorities, therefore, is first of all to engage in the work of understanding the world and its trajectory, and to utilize every weapon and every opportunity to disseminate that understanding within the class. It is to forge a link between the particular and the general, the past and the future, so that what concretely emerges is the meaning of history, of the daily conflicts that abound, and the particular place that the proletariat occupies in that global framework.

There are two contradictory movements within the working class. On the one hand, a resistance to change, distrust of the unknown: a hanging on to the familiar world of the job, one's tools, even to the competition between individual workers. On the other hand, the suffering wrought by those very same conditions, revolt, and the awareness that in the final analysis the world of capitalism has nothing to offer. We live with this reaction of life against death, and the hopelessness engendered by capitalism. Lukács (again in *History and Class Consciousness*) points out that the working class experiences an ideological crisis: at one and the same time, it is aware of the precariousness that reigns in the bourgeois order and yet it only poses questions according to the very forms of thought prevailing within that selfsame order. A vital step for our class is to progressively disengage itself from those modes of thought, and to think more freely. Because for Lukács – and this links up with the debate on determinism and subjectivism – it is not as a mechanical result of an economic crisis and the deterioration in its standard of living that the proletariat will be roused to action. For the working class to pass from the struggle against the effects of capitalism to a struggles against the *cause* of those

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